

OFFICIAL GAZETTE — GOVT. OF GOA
(SUPPLEMENT)

SERIES I No. 13

25TH JUNE, 2009

(1)	(2)	(3)	(4)
3824 72 00	- Containing bromochlorodifluoromethane, bromotrifluoromethane or dibromotetrafluoroethanes	kg.	16%
3824 73 00	- Containing hydrobromofluorocarbons (HBFCs)	kg.	16%
3824 74 00	- Containing hydrochlorofluorocarbons (HCFCs), whether or not containing perfluorocarbons (PFCs) or hydrofluorocarbons (HFCs), but not containing chlorofluorocarbons (CFCs)	kg.	16%
3824 75 00	- Containing carbon tetrachloride	kg.	16%
3824 76 00	- Containing 1,1,1-trichloroethane (methyl chloroform)	kg.	16%
3824 77 00	- Containing bromomethane (methyl bromide) or bromochloromethane	kg.	16%
3824 78 00	- Containing perfluorocarbons (PFCs) or hydrofluorocarbons (HFCs), but not containing chlorofluorocarbons (CFCs) or hydrochlorofluorocarbons (HCFCs)	kg.	16%
3824 79 00	- Other	kg.	16%
	- <i>Mixtures and preparations containing oxirane (ethylene oxide), polybrominated biphenyls (PBBs), polychlorinated biphenyls (PCBs), polychlorinated terphenyls (PCTs) or tris (2,3-dibromopropyl) phosphate;</i>		
3824 81 00	- Containing oxirane (ethylene oxide)	kg.	16%
3824 82 00	- Containing polychlorinated biphenyls (PCBs), polychlorinated terphenyls (PCTs) or polybrominated biphenyls (PBBs)	kg.	16%
3824 83 00	- Containing tris (2,3-dibromopropyl) phosphate	kg.	16%";

(33) in Chapter 39—

i) for Note 2, the following Note shall be substituted, namely:—

"2. This Chapter does not cover:

(a) lubricating preparations of heading 2710 or 3403;

(b) waxes of heading 2712 or 3404;

(c) separate chemically defined organic compounds (Chapter 29);

(d) heparin or its salts (heading 3001);

(e) solutions (other than collodions) consisting of any of the products specified in headings 3901 to 3913 in volatile organic solvents when the weight of the solvent exceeds 50% of the weight of the solution (heading 3208); stamping foils of heading 3212;

(f) organic surface-active agents or preparation of heading 3402;

(g) run gums or ester gums (heading 3806);

(h) prepared additives for mineral oils (including gasoline) or for other liquids used for the same purposes as mineral oils (heading 3811);

(ij) prepared hydraulic fluids based on polyglycols, silicones or other polymers of Chapter 39 (heading 3819);

(k) diagnostic or laboratory reagents on a backing of plastics (heading 3822);

(l) synthetic rubber, as defined for the purpose of Chapter 40, or articles thereof;

(1)	(2)	(3)	(4)
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(m) saddlery or harness (heading 4201) or trunks, suit-cases, hand-bags or other containers of heading 4202;

(n) plaits, wickerwork or other articles of Chapter 46;

(o) wall coverings of heading 4814;

(p) goods of Section XI (textiles and textile articles);

(q) articles of Section XII (for example, footwear, headgear, umbrellas, sun umbrellas, walking-sticks, whips, riding-crops or parts thereof);

(r) imitation jewellery of heading 7117;

(s) articles of Section XVI (machines and mechanical or electrical appliances);

(t) parts of aircraft or vehicles of Section XVII;

(u) articles of Chapter 90 (for example, optical elements, spectacle frames, drawing instruments);

(v) articles of Chapter 91 (for example, clock or watch cases);

(w) articles of Chapter 92 (for example, musical instruments or parts thereof);

(x) articles of Chapter 94 (for example, furniture, lamps and lighting fittings, illuminated signs, prefabricated buildings);

(y) articles of Chapter 95 (for example toys, games, sports requisites); or

(z) articles of Chapter 96 (for example, brushes, buttons, slide fasteners, combs, mouth-pieces or stems for smoking pipes, cigarette-holders or the like, parts of vacuum flasks or the like, pens, propelling pencils).";

(ii) in Sub-heading Note 1, in clause (a), in sub-clause (1), for the letters "e.g.", the words "for example" shall be substituted;

(iii) in heading 3907, after tariff item 3907 60 90 and the entries relating thereto, the following tariff item and entries shall be inserted, namely:—

"3907 70 00- Poly(lactic acid)	kg.	16%";
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(iv) in heading 3920, sub-heading 3920 72, tariff items 3920 72 10 to 3920 72 90 and the entries relating thereto shall be omitted;

(v) in heading 3924, in column (2), for the words "TOILET", the words "HYGIENIC OR TOILET" shall be substituted;

(34) in Chapter 40,—

(i) in Note 4, in clause (a), for the figure, brackets and letter "5(b)", the figure, brackets and letter "5(B)" shall be substituted;

(ii) in Note 5, for the brackets and letters "(a)" and "(b)" wherever they occur, the brackets and letters "(A)" and "(B)" shall respectively be substituted;

(iii) in heading 4010, sub-heading 4010 13, tariff items 4010 13 10 and 4010 13 90 and the entries relating thereto shall be omitted;

(35) in Chapter 41,—

(i) in Note 1, in clause (c), after the words "of gazelle," the words and brackets "of camels (including dromedaries)," shall be inserted;

(1)	(2)	(3)	(4)
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(ii) in heading 4103, sub-heading 4103 10, tariff items 4103 10 10 to 4103 10 90 and the entries relating thereto shall be omitted;

(36) in Chapter 42,—

(i) heading 4204, sub-heading 4204 00, tariff items 4204 00 10 to 4204 00 99 and the entries relating thereto shall be omitted;

(ii) for heading 4206, sub-heading 4206 10, tariff items 4206 10 10 to 4206 90 00 and the entries relating thereto, the following heading, tariff items and entries shall be substituted, namely:—

"4206 ARTICLES OF GUT (OTHER THAN
 SILK-WORM GUT), OF GOLDBEATER'S
 SKIN, OF BLADDERS OR OF TENDONS

4206 00 10	— For rackets	kg.	16%
4206 00 90	— Other	kg.	16%";

(37) in Chapter 43,—

(i) in heading 4301, tariff item 4301 70 00 and the entries relating thereto shall be omitted;

(ii) in heading 4302, tariff item 4302 13 00 and the entries relating thereto shall be omitted;

(38) in Chapter 44,—

(i) in Sub-heading Note,

(a) for the words and figures "sub-headings 4403 41 to 4403 49, 4407 24 to 4407 29, 4408 31 to 4408 39 and 4412 13 to 4412 99", the following words and figures shall be substituted, namely:—

"tariff item 4403 41 00, sub-heading 4403, 49, tariff items 4407 21 00 to 4407 28 00, sub-headings 4407 29, 4408 31, 4408 39 and 4412 31";

(b) for the words "Teak, Tauari," the words "Tauari, Teak," shall be substituted;

(ii) in heading 4402, for sub-heading 4402 00, tariff items 4402 00 10 and 4402 00 90 and the entries relating thereto, the following sub-heading, tariff items and entries shall be substituted, namely:—

"4402 10 - Wood charcoal (including shell or nut charcoal)
 whether or not agglomerated :

4402 10 10	— Of bamboo	mt.
4402 90	- Other:	
4402 90 10	— Of coconut shell	mt.
4402 90 90	— Other	mt.";

(iii) in heading 4407,—

(a) for tariff item 4407 24 00 and the entries relating thereto, the following tariff items and entries shall be substituted, namely:—

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"4407 21 00 -	Mahogany (<i>Swietenia spp.</i>)	m ³	Nil
4407 22 00 -	Virola, Imbuia and balsa	m ³	Nil";

(b) after tariff item 4407 26 00 and the entries relating thereto, the following tariff items and entries shall be inserted, namely:—

"4407 27 00 -	Sapelli	m ³	Nil
4407 28 00 -	Iroko	m ³	Nil";

(c) after tariff item 4407 92 00 and the entries relating thereto, the following tariff items and entries shall be inserted, namely:—

"4407 93 00 -	Of maple (<i>Acer spp.</i>)	m ³	Nil
4407 94 00 -	Of cherry (<i>Prunus spp.</i>)	m ³	Nil
4407 95 00 -	Of ash (<i>Fraxinus spp.</i>)	m ³	Nil";

(iv) in heading 4408, in the entry in column (2), for the words "FOR OTHER SIMILAR LAMINATED WOOD", the words "FOR SIMILAR LAMINATED WOOD" shall be substituted;

(v) in heading 4409, for sub-heading 4409 20, tariff items 4409 20 10 to 4409 20 90 and the entries relating thereto, the following sub-heading, tariff items and entries shall be substituted, namely:—

"- Non-coniferous:

4409 21 00 -	Of bamboo	kg.	16%
4409 29 -	Other:		
4409 29 10 --	Planed, tongued, grooved, rebated, chamfered, V-jointed, and the like but not further moulded	kg.	16%
4409 29 20 --	Beadings and mouldings (including moulded skirting and other moulded boards)	kg.	16%
4409 29 90 --	Other	kg.	16%";

(vi) for heading 4410, tariff items 4410 21 00, 4410 29 00, sub-heading 4410 31, tariff items 4410 31 10 to 4410 31 90, sub-heading 4410 32, tariff items 4410 32 10 to 4410 32 90, sub-heading 4410 33, tariff items 4410 33 10 to 4410 33 90, sub-heading 4410 39, tariff items 4410 39 10 to 4410 39 90, sub-heading 4410 90, tariff items 4410 90 10 to 4410 90 99 and the entries relating thereto, the following heading, sub-heading, tariff items and entries shall be substituted, namely:—

"4410 PARTICLE BOARD, ORIENTED STRAND BOARD (OSB) AND SIMILAR BOARD (FOR EXAMPLE, WAFERBOARD) OF WOOD OR OTHER LIGNEOUS MATERIALS, WHETHER OR NOT AGGLOMERATED WITH RESINS OR OTHER ORGANIC BINDING SUBSTANCES

- Of wood:

4410 11 --	Particle board:		
4410 11 10 --	Plain particle boards	kg.	16%
4410 11 20 --	Insulation Board and Hardboard	kg.	16%

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(1)	(2)	(3)	(4)
4410 11 30	-- Veneered particle board, not having decorative veneers on any face	kg.	16%
4410 11 90	-- Others	kg.	16%
4410 12	-- <i>Oriented strand board (OSB)</i>		
4410 12 10	-- Unworked or not further worked than sanded	kg.	16%
4410 12 90	-- Other	kg.	16%
4410 19 00	-- Other	kg.	16%
4410 90	-- Other:		
4410 90 10	-- Plain particle board	kg.	16%
4410 90 20	-- Insulation Board and hard Board	kg.	16%
4410 90 30	-- Veneered particle board, not having decorative veneers on any face	kg.	16%
4410 90 90	-- Other	kg.	16%";

(vii) for heading 4411, sub-heading 4411 11, tariff items 4411 11 10, 4411 11 90, sub-heading 4411 19, tariff items 4411 19 10, 4411 19 90, sub-heading 4411 21, tariff items 4411 21 10, 4411 21 90, sub-heading 4411 29, tariff items 4411 29 10, 4411 29 90, sub-heading 4411 31, tariff items 4411 31 10, 4411 31 90, sub-heading 4411 39, tariff items 4411 39 10, 4411 39 90, sub-heading 4411 91, tariff items 4411 91 10 to 4411 91 90, sub-heading 4411 99, tariff items 4411 99 10 to 4411 99 90 and the entries relating thereto, the following heading, sub-headings, tariff items and entries shall be substituted, namely:—

"4411 FIBRE BOARD OF WOOD OR OTHER LIGNEOUS MATERIALS, WHETHER OR NOT BONDED WITH RESINS OR OTHER ORGANIC SUBSTANCES			
- <i>Medium density fibre board (MDF):</i>			
4411 12 00	-- Of a thickness not exceeding 5 mm	kg.	16%
4411 13 00	-- Of a thickness exceeding 5 mm but not exceeding 9 mm	kg.	16%
4411 14 00	-- Of a thickness exceeding 9 mm	kg.	16%
- Other:			
4411 92	-- <i>Of a density exceeding 0.8 gm/cm³:</i>		
-- <i>Not mechanically worked or surface covered:</i>			
4411 92 11	--- Hardboard	kg.	16%
4411 92 19	--- Other	kg.	16%
-- Other:			
4411 92 21	--- Hardboard	kg.	16%
4411 92 29	--- Other	kg.	16%
4411 93	-- <i>Of a density exceeding 0.5 gm/cm³ but not exceeding 0.8 gm/cm³:</i>		
-- <i>Not mechanically worked or surface covered:</i>			
4411 93 11	--- Insulation board	kg.	16%
4411 93 19	--- Other	kg.	16%
-- Other:			
4411 93 21	--- Insulation board	kg.	16%
4411 93 29	--- Other	kg.	16%

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(1)	(2)	(3)	(4)
4411 94	-- Of a density not exceeding 0.5 gm/cm ³ : --- Not mechanically worked or surface covered:		
4411 94 11	--- Insulation board	kg.	16%
4411 94 19	---- Other --- Other:	kg.	16%
4411 94 21	---- Insulation board	kg.	16%
4411 94 29	--- Other	kg.	16%";

(viii) for heading 4412, sub-heading 4412 13, tariff items 4412 13 10 to 4412 13 90, sub-heading 4412 14, tariff items 4412 14 10 to 4412 14 90, sub-heading 4412 19, tariff items 4412 19 10 to 4412 19 90, sub-heading 4412 22, tariff items 4412 22 10 to 4412 22 90, sub-heading 4412 23, tariff items 4412 23 10 to 4412 23 90, sub-heading 4412 29, tariff items 4412 29 10 to 4412 29 90, sub-heading 4412 92, tariff items 4412 92 10 to 4412 92 90, sub-heading 4412 93, tariff items 4412 93 10 to 4412 93 90, sub-heading 4412 99, tariff items 4412 99 10 to 4412 99 90 and the entries relating thereto, the following heading, sub-headings, tariff items and entries shall be substituted, namely:—

"4412 PLYWOOD, VENEERED PANELS AND
SIMILAR LAMINATED WOOD

4412 10 00	- Of bamboo	m ³	16%
	- Other plywood, consisting solely of sheets of wood (other than bamboo), each ply not exceeding 6 mm thickness:		
4412 31	-- With at least one outer ply of tropical wood specified in Sub-heading Note 1 to this Chapter, namely:— Abura, Acajou, d'Afrique, Afrormosia, Ako, Alan, Andiroba, Aningre, Avodire, Azobe, Balau, balsa, Bosse clair, bosse fonce, Cativo, Cedro, Dabema, Dark red Meranti, Dibetou, Doussie, Framire, Freijo, Fromager, Fuma, Geronggang, Ilomba, Imbuia, Ipe, Iroka, Jaboty, Jelutong, jequitiba, Jongkong, Kapur, Kempas, keruing, Kosipo, Kotibe, Koto, Light red Meranti, Limba, Louro, Macaranduba, Mahogany, Makore, Mandioqueira, Mansonia, Mengkulang, Meranti Bakau, Merawan, Merbau, Merpauh, Mersawa, Moabi, Niangon, Nyatoh, Obeche, Okoume, Onzabili, Orey, Ovengkol, Ozigo, Padauk, Paldao, Palissandre de Guatemala, Palissandre de para, Palissandre de Rio, Palissandre de Rose, Pau Amarelo, Pau Marfim, Pulai, Punah, Quaruba, ramin, Sapelli, Saqui-Saqui, Sepetir, Sipo, Sucupira, Suren, Tauari, Teak, Tiama, Tola, Virola, White Lauan, White Meranti, White Seraya, Yellow Meranti:		
4412 31 10	-- Decorative plywood	m ³	16%
4412 31 20	-- Tea chest panels or shooks, packed in sets	m ³	16%

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(1)	(2)	(3)	(4)
4412 31 30	— Other tea chest panels	m ³	16%
4412 31 40	— Marine and aircraft plywood	m ³	16%
4412 31 50	— Cuttings and trimmings of plywood of width not exceeding 5cm	m ³	16%
4412 31 90	— Other	m ³	16%
4412 32	— Other, with at least one outer ply of non-coniferous wood:		
4412 32 10	— Decorative plywood	m ³	16%
4412 32 20	— Tea chest panels or shooks, packed in sets	m ³	16%
4412 32 30	— Marine and aircraft plywood	m ³	16%
4412 32 40	— Cuttings and trimmings of plywood of width not exceeding 5cm	m ³	16%
4412 32 90	— Other	m ³	16%
4412 39	— Other:		
4412 39 10	— Decorative plywood	m ³	16%
4412 39 20	— Tea chest panels or shooks, packed in sets	m ³	16%
4412 39 30	— Marine and aircraft plywood	m ³	16%
4412 39 40	— Cuttings and trimmings of plywood of width not exceeding 5cm	m ³	16%
4412 39 90	— Other	m ³	16%
	— Other:		
4412 94 00	— Blockboard, laminboard and battenboard	m ³	16%
4412 99	— Other:		
4412 99 10	— Decorative plywood	m ³	16%
4412 99 20	— Tea chest panel or shooks, packed in sets	m ³	16%
4412 99 30	— Marine and aircraft plywood	m ³	16%
4412 99 40	— Cutting and trimmings of plywood of width not exceeding 5 cm	m ³	16%
4412 99 90	— Other	m ³	16%";

(ix) in heading 4418,—

(a) in the entry in column (2), for the words "PARQUET PANELS ", the words "FLOORING PANELS" shall be substituted;

(b) tariff item 4418 30 00 and the entries relating thereto shall be omitted;

(c) after tariff item 4418 50 00 and the entries relating thereto, the following tariff items and entries shall be inserted, namely:—

"4418 60 00	- Posts and beams	kg.	16%
	- Assembled flooring panels :		
4418 71 00	-- For mosaic floors	kg.	16%
4418 72 00	-- Other, multilayer	kg.	16%
4418 79 00	-- Other	kg.	16%";

(39) in Chapter 46,—

(i) in Note 1, for the word "bamboos", the words "bamboos, rattans," shall be substituted;

(1)	(2)	(3)	(4)
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(ii) in heading 4601, for sub-heading 4601 20, tariff items 4601 20 10 to 4601 91 00 and the entries relating thereto, the following tariff items and entries shall be substituted, namely:—

“- Mats, matting and screens of vegetable materials :

4601 21 00	- Of bamboo	kg.	Nil
4601 22 00	- Of rattan	kg.	Nil
4601 29 00	- Other	kg.	Nil
4601 92 00	- Of bamboo	kg.	Nil
4601 93 00	- Of rattan	kg.	Nil
4601 94 00	- Of other vegetable materials	kg.	Nil”;

(iii) in heading 4602, for sub-heading 4602 10, tariff items 4602 10 11 to 4602 10 90 and the entries relating thereto, the following tariff items and entries shall be substituted, namely:—

- “Of vegetable material:

4602 11 00	- Of bamboo	kg.	Nil
4602 12 00	- Of rattan	kg.	Nil
4602 19	- Other:		
	--- Of palm leaves:		
4602 19 11	--- Basket	kg.	Nil
4602 19 19	--- Other	kg.	Nil
4602 19 90	--- Other	kg.	Nil”;

(40) in Chapter 47, in heading 4706, after tariff item 4706 20 00 and the entries relating thereto, the following tariff item and entries shall be inserted, namely:—

“4706 30 00	- Other, of bamboo	kg.	Nil”;
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(41) in Chapter 48,—

(i) in Note 2, in clause (n), for the brackets, word and figures “(Section XV)”, the brackets, words and figures “(generally Section XIV or XV)” shall be substituted;

(ii) in Note 9,—

(a) in clause (a), in sub-clause (i), for the letters “e.g.”, the words “for example” shall be substituted;

(b) in the paragraph beginning with word “Products” and ending with the word and figures “heading 4815.”, for the figures “4815”, the figures “4823” shall be substituted;

(iii) in heading 4802, tariff item 4802 30 00 and the entries relating thereto shall be omitted;

(iv) in heading 4809, sub-heading 4809 10, tariff items 4809 10 10 and 4809 10 90 and the entries relating thereto shall be omitted;

(v) in heading 4814, tariff item 4814 30 00 and the entries relating thereto shall be omitted;

(vi) tariff item 4815 00 00 and the entries relating thereto shall be omitted;

(vii) in heading 4816, tariff items 4816 10 00 and 4816 30 00 and the entries relating thereto, shall be omitted;

(1)	(2)	(3)	(4)
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(viii) for heading 4823, tariff items 4823 12 00 and 4823 19 00 and the entries relating thereto, the following heading and entries shall be substituted, namely:—

"4823 OTHER PAPER, PAPER BOARD, CELLULOSE,
WADDING AND WEBS OF CELLULOSE
FIBERS, CUT TO SIZE OR SHAPE;
OTHER ARTICLES OF PAPER PULP,
PAPER, PAPERBOARD, CELLULOSE
WADDING OR WEBS OF CELLULOSE
FIBERS";

(ix) in heading 4823, for tariff item 4823 60 00 and the entries relating thereto, the following tariff items and entries shall be substituted, namely: —

“- Trays, dishes, plates, cups and the like, of paper or paperboard:

4823 61 00	- Of bamboo	kg.	16%
4823 69 00	- Other	kg.	16%";

(42) in Section XI,—

(i) in the Note 1,—

(a) in clause (a), for the word and figures "heading 0503", the word and figures "heading 0511" shall be substituted;

(b) in clause (e), the brackets and words "(for example, wadding, gauze, bandages and similar articles for medical, surgical, dental or veterinary purposes, sterile surgical suture materials)" shall be omitted;

(ii) for Note 13, the following Notes shall be substituted, namely:—

"13. For the purposes of this Section and, where applicable, throughout this Schedule, the expression "elastomeric yarn" means filament yarn, including monofilament, of synthetic textile material, other than textured yarn, which does not break on being extended to three times its original length and which returns, after being extended to twice its original length, within a period of five minutes, to a length not greater than one and a half times its original length.

14. Unless the context otherwise requires, textile garments of different headings are to be classified in their own headings even if put up in sets for retail sale. For the purposes of this Note, the expression "textile garments" means garments of headings 6101 to 6114 and headings 6201 to 6211.";

(iii) in Sub-heading Note 1,—

(a) clause (a) shall be omitted;

(b) clause (b) to (k) shall be renumbered as clauses (a) to (ij);

(c) in clause (h) so re-numbered, for the words, brackets and letters "definitions at (e) to (ij)", the words, brackets and letters "definitions at (d) to (h)" shall be substituted;

(43) in Chapter 50, in heading 5003, sub-heading 5003 10, tariff items 5003 10 10 to 5003 10 90, sub-heading 5003 90, tariff items 5003 90 10 to 5003 90 90 and the entries relating thereto, the following sub-heading, tariff items and entries shall be substituted, namely:—

(1)	(2)	(3)	(4)
"5003 00	- <i>Silk waste (including cocoons unsuitable for reeling, yarn waste and garneted stock):</i>		
5003 00 10	--- Mulberry silk waste	kg.	Nil
5003 00 20	--- Tussar silk waste	kg.	Nil
5003 00 30	--- Eri waste	kg.	Nil
5003 00 40	--- Munga waste	kg.	Nil
5003 00 90	--- Other	kg.	Nil";

(44) in Chapter 51, in Note 1,—

(a) in clause (b), for the word "camel", the words and brackets "camel (including dromedary)" shall be substituted;

(b) in clause (c), for the word and figures "heading 0503", the word and figures "heading 0511" shall be substituted;

(45) in Chapter 52,—

(i) in heading 5208, sub-heading 5208 53, tariff items 5208 53 10 to 5208 53 90 and the entries relating thereto shall be omitted;

(ii) in heading 5210,—

(a) sub-heading 5210 12, tariff items 5210 12 10 and 5210 12 90 and the entries relating thereto shall be omitted;

(b) sub-heading 5210 22, tariff items 5210 22 11 to 5210 22 29 and the entries relating thereto shall be omitted;

(c) sub-heading 5210 42, tariff items 5210 42 10 to 5210 42 90 and the entries relating thereto shall be omitted;

(d) sub-heading 5210 52, tariff items 5210 52 10 to 5210 52 90 and the entries relating thereto shall be omitted;

(iii) in heading 5211, for tariff item 5211 19 00, sub-heading 5211 21, tariff items 5211 21 10 to 5211 21 90, sub-heading 5211 22, tariff items 5211 22 10 to 5211 22 90, sub-heading 5211 29, tariff items 5211 29 10 to 5211 29 90 and the entries relating thereto, the following sub-heading, tariff items and entries shall be substituted, namely:—

"5211 19 00	- Other fabrics	m ²	8%
5211 20	- <i>Bleached:</i>		
5211 20 10	--- Shirting fabrics	m ²	8%
5211 20 20	--- Canvas (including duck) of carded or combed yarn	m ²	8%
5211 20 30	--- Flannelette	m ²	8%
5211 20 40	--- Saree	m ²	8%
5211 20 50	--- Crepe fabrics including Crepe checks	m ²	8%
5211 20 60	--- Twill fabrics	m ²	8%
	--- <i>Other:</i>		
5211 20 91	---- Zari bordered sari	m ²	8%
5211 20 92	---- Dedsuti, dosuti, ceretonnos and osamburge	m ²	8%
5211 20 99	---- Other	m ²	8%";

(1)	(2)	(3)	(4)
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(46) in Chapter 53,—

(i) heading 5304, sub-heading 5304 10, tariff items 5304 10 10 to 5304 90 00 and the entries relating thereto shall be omitted;

(ii) for heading 5305, sub-heading 5305 11, tariff items 5305 11 10 to 5305 29 00, sub-heading 5305 90, tariff items 5305 90 10 and 5305 90 90 and the entries relating thereto, the following heading, sub-heading, tariff items and entries shall be substituted, namely:—

"5305	COCONUT, ABACA (MANILA HEMP OR MUSA TEXTILIS NEE), RAMIE AND OTHER VEGETABLE TEXTILE FIBRES, NOT ELSEWHERE SPECIFIED OR INCLUDED, RAW OR PROCESSED BUT NOT SPUN; TOW, NOILS AND WASTE OF THESE FIBRES (INCLUDING YARN WASTE AND GARNETED STOCK)
5305 00	- <i>Coconut, abaca (Manila hemp or Musa textilis Nee), ramie and other vegetable textile fibres, not elsewhere specified or included, raw or processed but not spun; tow, noils and waste of these fibres (including yarn waste and garneted stock):</i>

5305 0010	— Coir bristles fibre	kg.	8%
5305 00 20	— Coir mattress fibre	kg.	8%
5305 00 30	— Curled or machine twisted coir fibre	kg.	8%
5305 00 40	— Coir pith	kg.	8%
5305 00 50	— Of Abaca	kg.	8%
5305 00 90	— Of Others	kg.	8%";

(47) in Chapter 54,—

(i) for the Chapter heading, the heading "*Man-made filaments; strip and the like of man-made textile materials*" shall be substituted;

(ii) for Note 1, the following Note shall be substituted, namely:—

"1. Throughout this Schedule, the term "man-made fibres" means staple fibres and filaments of organic polymers produced by manufacturing processes, either:

(a) by polymerisation of organic monomers to produce polymers such as polyamides, polyesters, polyolefins or polyurethanes, or by chemical modification of polymers produced by this process (for example, poly (vinyl alcohol) prepared by the hydrolysis of poly (vinyl acetate); or

(b) by dissolution or chemical treatment of natural organic polymers (for example, cellulose) to produce polymers such as cuprammonium rayon (cupro) or viscose rayon, or by chemical modification of natural organic polymers (for example cellulose, casein and other proteins, or alginic acid), to produce polymers such as cellulose acetate or alginates.

(1)	(2)	(3)	(4)
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The terms "synthetic" and "artificial", used in relation to fibres, mean: synthetic: fibres as defined at (a); artificial: fibres as defined at (b). Strip and the like of heading 5404 or 5405 are not considered to be man-made fibres.

The terms "man-made", "synthetic" and "artificial" shall have the same meanings when used in relation to "textile materials .";

(iii) in heading 5402,—

(a) for sub-heading 5402 10, tariff items 5402 10 10 and 5402 10 90 and the entries relating thereto, the following tariff items and entries shall be substituted, namely:—

"- High tenacity yarn of nylon or other polyamides:

5402 11 10	— Of aramids	kg.	16%
5402 19	— Other:		
5402 19 10	— Nylon tyre yarn	kg.	16%
5402 19 90	— Other	kg.	16%";

(b) after tariff item 5402 33 00 and the entries relating thereto, the following tariff item and entries shall be inserted, namely:—

"5402 34 00	-- Of Polypropylene	kg.	16%";
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(c) for the tariff items 5402 41 00 to 5402 49 00 and the entries relating thereto, the following tariff items and entries shall be substituted, namely:—

"5402 44 00	-- Elastomeric	kg.	16%
5402 45 00	-- Other, of nylon or other polyamides	kg.	16%
5402 46 00	-- Other, of polyesters, partially oriented	kg.	16%
5402 47 00	-- Other, of polyesters	kg.	16%
5402 48 00	-- Other, of polypropylene	kg.	16%
5402 49 00	-- Other	kg.	16%";

(iv) in heading 5403, tariff item 5403 20 00 and the entries relating thereto shall be omitted;

(v) in heading 5404, for tariff item 5404 10 00 and the entries relating thereto, the following sub-heading, tariff items and entries shall be substituted, namely:—

"- Monofilament:

5404 11 00	-- Elastomeric	kg.	16%
5404 12 00	-- Other, of polypropylene	kg.	16%
5404 19	— Other:		
5404 19 10	--- Catgut imitation of synthetic yarn, non-sterile	kg.	16%
5404 19 20	--- Strip and the like of synthetic fibre material	kg.	16%
5404 19 90	--- Other	kg.	16%";

(vi) for heading 5406, tariff items 5406 10 00 and 5406 20 00 and the entries relating thereto, the following tariff item and entries shall be substituted, namely:—

(1)	(2)	(3)	(4)
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"5406 MAN-MADE FILAMENT YARN
 (OTHER THAN SEWING THREAD),
 PUT UP FOR RETAIL SALE

5406 00	-	Man-made filament yarn (other than sewing thread), put up for retail sale:	
5406 00 10	—	Synthetic filament yarn	kg. 16%
5406 00 20	—	Artificial filament yarn	kg. 16%";

(48) in Chapter 55,—

(i) in heading 5501, after tariff item 5501 30 00 and the entries relating thereto, the following tariff item and entries shall be inserted, namely:—

"5501 40 00	-	of polypropylene	kg. 16%";
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(ii) in heading 5503, for tariff item 5503 10 00 and the entries relating thereto, the following tariff items and entries shall be substituted, namely:—

"- Of nylon or other polyamides:

5503 11 00	-	Of aramids	kg. 16%
5503 19 00	-	Other	kg. 16%";

(iii) in heading 5513, tariff items 5513 22 00, 5513 32 00, 5513 33 00, 5513 42 00 and 5513 43 00 and the entries relating thereto shall be omitted;

(iv) in heading 5514,—

(a) sub-heading 5514 13, tariff items 5514 13 10 and 5514 13 20 and the entries relating thereto shall be omitted;

(b) for tariff items 5514 29 00 to 5514 39 00 and the entries relating thereto, the following sub-heading, tariff items and entries shall be substituted, namely:—

"5514 29 00	-	Other woven fabrics	m ² 8%
5514 30	-	Of yarns of different colours:	
5514 30 11	---	Of polyester staple fibres, plain weave	m ² 8%
5514 30 12	---	3-thread or 4-thread twill, including cross twill of polyester staple fibres	m ² 8%
5514 30 13	---	Other woven fabrics of polyester staple fibres	m ² 8%
5514 30 19	---	Other woven fabrics	m ² 8%";

(v) in heading 5515, sub-heading 5515 92, tariff items 5515 92 10 to 5515 92 90 and the entries relating thereto shall be omitted;

(49) in Chapter 56,—

(i) in Note 1, in clause (e), for the brackets, word and figures "(Section XV)", the brackets, word and figures "(generally Section XIV or XV)" shall be substituted;

(1)	(2)	(3)	(4)
(ii) in heading 5604, sub-heading 5604 20, tariff items 5604 20 10 and 5604 20 90 and the entries relating thereto shall be omitted;			
(iii) in heading 5607, sub-heading 5607 10, tariff items 5607 10 10 and 5607 10 90 and the entries relating thereto shall be omitted;			
(50) in Chapter 57, in heading 5702, for tariff item 5702 49 90, sub-heading 5702 51, tariff items 5702 5110 to 5702 51 40, sub-heading 5702 52, tariff items 5702 52 10 to 5702 52 90, sub-heading 5702 59, tariff items 5702 59 10 to 5702 59 90 and the entries relating thereto, the following tariff items and entries shall be substituted, namely:—			
"5702 49 90	— Other	m ²	8%
5702 50	- Other, not of pile construction, not made up:		
	--- Of man-made textile materials:		
5702 50 21	--- Carpets, Carpeting and rugs	m ²	8%
5702 50 22	--- Mats and matting	m ²	8%
5702 50 29	--- Other	m ²	8%
	--- Of other textiles materials:		
5702 50 31	--- Carpets and other floor coverings, of cotton other than durries	m ²	8%
5702 50 32	--- Carpets and other floor coverings, of silk	m ²	8%
5702 50 33	--- Place mat and other similar goods	m ²	8%
5702 50 39	--- Other	m ²	8%";

(51) in Chapter 58, in heading 5803, sub-heading 5803 10, tariff items 5803 10 10 to 5803 10 90, sub-heading 5803 90, tariff items 5803 90 10 to 5803 90 90 and the entries relating thereto, the following sub-heading, tariff items and entries shall be substituted, namely:—

"5803 00	- Gauze, other than narrow fabrics of heading 5806:		
	--- Of cotton:		
5803 00 11	--- Unbleached	m ²	8%
5803 00 12	--- Bleached	m ²	8%
5803 00 13	--- Piece dyed	m ²	8%
5803 00 14	--- Yarn dyed	m ²	8%
5803 00 15	--- printed	m ²	8%
5803 00 19	--- Other	m ²	8%
	--- Of other textile materials:		
5803 00 91	--- Of silk or silk waste	m ²	8%
5803 00 92	--- Of synthetic fibre	m ²	8%
5803 00 93	--- Of artificial fibre	m ²	8%
5803 00 99	--- Other	m ²	8%";

(52) in Chapter 59, in the Note 5, in clause (h), for the brackets, word and figures "(Section XV)", the brackets, words and figures "(generally Section XIV or XV)" shall be substituted;

(53) in Chapter 60, in heading 6005, tariff item 6005 10 00 and the entries relating thereto shall be omitted;

(54) in Chapter 61,—

(i) in heading 6101, sub-heading 6101 10, tariff items 6101 10 10 to 6101 10 90 and the entries relating thereto shall be omitted;

(1)	(2)	(3)	(4)
(ii) for heading 6103, tariff items 6103 11 00, 6103 12 00, sub-heading 6103 19, tariff items 6103 19 10 to 6103 21 00 and the entries relating thereto, the following heading sub-heading, tariff items and entries shall be substituted, namely:—			
"6103	MEN'S OR BOYS' SUITS, ENSEMBLES, JACKETS, BLAZERS, TROUSERS, BIB AND BRACE OVERALLS, BREECHES AND SHORTS (OTHER THAN SWIM WEAR) KNITTED OR CROCHETED		
6103 10	- Suits:		
6103 10 10	— Of silk	u	8%
6103 10 20	— Of cotton	u	8%
6103 10 30	- Of artificial fibres	u	8%
6103 10 90	— Other	u	8%";

(iii) in heading 6104, tariff items 6104 11 00, 6104 12 00 and 6104 21 00 and the entries relating thereto shall be omitted;

(iv) in heading 6107, sub-heading 6107 92, tariff items 6107 92 10 and 6107 92 20 and the entries relating thereto shall be omitted;

(v) in heading 6111, tariff item 6111 10 00 and the entries relating thereto shall be omitted;

(vi) in heading 6114, tariff item 6114 10 00 and the entries relating thereto shall be omitted;

(vii) for heading 6115, tariff items 6115 11 00, 6115 12 00, sub-heading 6115 19, tariff items 6115 19 10 to 6115 19 90, sub-heading 6115 20, tariff items 6115 20 10 to 6115 93 00 and the entries relating thereto, the following heading, sub-headings, tariff items and entries shall be substituted, namely:—

"6115	PANTY HOSE, TIGHTS, STOCKINGS, SOCKS AND OTHER HOSIERY, INCLUDING GRADUATED COMPRESSION HOSIERY (FOR EXAMPLE, STOCKINGS FOR VARICOSE VEINS) AND FOOTWEAR WITHOUT APPLIED SOLES, KNITTED OR CROCHETED		
6115 10 00	- Graduated compression hosiery (for example, stockings for varicose veins)	u	8%
6115 21	- Other panty hose and tights:		
6115 21 00	- Of synthetic fibres, measuring per single yarn less than 67 decitex	u	8%
6115 22 00	- Of synthetic fibres, measuring per single yarn 67 decitex or more	u	8%
6115 29	- Of other textile materials:		
6115 29 10	— Of silk	u	8%
6115 29 20	— Of wool or fine animal hair	u	8%
6115 29 30	— Of artificial fibres	u	8%
6115 29 90	— Other	u	8%
6115 30 00	- Other women's full-length or knee-length hosiery, measuring per single yarn less than 67 decitex	u	8%
6115 94 00	- Of wool or fine animal hair	pa	8%
6115 95 00	- Of cotton	pa	8%
6115 96 00	- Of synthetic fibres	pa	8%";

(1)	(2)	(3)	(4)
-----	-----	-----	-----

(viii) in heading 6117, sub-heading 6117 20, tariff items 6117 20 10 to 6117 20 90 and the entries relating thereto shall be omitted;

(55) in Chapter 62,—

- (i) in heading 6203, tariff item 6203 21 00 and the entries relating thereto shall be omitted;
- (ii) in heading 6205, tariff item 6205 10 00 and the entries relating thereto shall be omitted;
- (iii) in heading 6207, tariff item 6207 92 00 and the entries relating thereto shall be omitted;
- (iv) in heading 6209, tariff item 6209 10 00 and the entries relating thereto shall be omitted;
- (v) in heading 6211, tariff item 6211 31 00 and the entries relating thereto shall be omitted;
- (vi) in heading 6213, tariff item 6213 10 00 and the entries relating thereto shall be omitted;

(56) in Chapter 63,—

- (i) in heading 6302, tariff items 6302 52 00 and 6302 92 00 and the entries relating thereto shall be omitted;
- (ii) in heading 6303, tariff item 6303 11 00 and the entries relating thereto shall be omitted;
- (iii) in heading 6306,—

(a) tariff items 6306 11 00 and 6306 21 00 and the entries relating thereto shall be omitted;

(b) for tariff items 6306 29 90, 6306 31 00, sub-heading 6306 39, tariff items 6306 39 10 to 6306 49 00 and the entries relating thereto, the following tariff items and entries shall be substituted, namely:—

"6306 29 90	— Other	kg.	8%
"6306 30 00	- Sails	kg.	8%
"6306 40 00	- Pneumatic mattresses	u	8%";

(57) in Chapter 64,—

- (i) in heading 6401, sub-heading 6401 91, tariff items 6401 91 10 and 6401 91 90 and the entries relating thereto shall be omitted;
- (ii) in heading 6402, sub-heading 6402 30, tariff items 6402 30 10 and 6402 30 90 and the entries relating thereto shall be omitted;
- (iii) in heading 6403, tariff item 6403 30 00 and the entries relating thereto shall be omitted;

(58) in Chapter 65,—

- (i) tariff items 6503 00 00 and the entries relating thereto shall be omitted;
- (ii) in heading 6506, tariff item 6506 92 00 and the entries relating thereto shall be omitted;

(59) in Chapter 66, in heading 6603, sub-heading 6603 10, tariff items 6603 10 10 and 6603 10 90 and the entries relating thereto shall be omitted;

(60) in Chapter 68,—

- (i) in heading 6802, tariff item 6802 22 00 and the entries relating thereto shall be omitted;
- (ii) in heading 6811, for tariff item 6811 10 00, sub-heading 6811 20, tariff items 6811 20 10 to 6811 20 90, sub-heading 6811 30, tariff items 6811 30 10 to 6811 90 00 and the entries relating thereto, the following sub-heading tariff items and entries shall be substituted, namely:—

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(1)	(2)	(3)	(4)
6811 40 10	— Asbestos - cement sheets	kg.	16%
6811 40 20	— Asbestos - cement tiles	kg.	16%
6811 40 90	— Other	kg.	16%
	- <i>Not containing Asbestos:</i>		
6811 81 00	- Corrugated sheets	kg.	16%
6811 82 00	- Other sheets, panels, tiles and similar articles	kg.	16%
6811 83 00	- Tubes, pipes and tube or pipe fittings	kg.	16%
6811 89 00	- Other articles	kg.	16%";

(iii) in heading 6812, for tariff items 6812 50 00, sub-heading 6812 60, tariff items 6812 60 11 to 6812 70 00, sub-heading 6812 90, tariff items 6812 90 11 to 6812 90 90 and the entries relating thereto, the following sub-headings, tariff items and entries shall be substituted; namely:—

"6812 80 00	- Of crocidolite	kg.	16%
	- <i>Other:</i>		
6812 91 00	- Clothing, clothing accessories, footwear and headgear	kg.	16%
6812 92	- <i>Paper, millboard and felt:</i>		
	— <i>Millboard:</i>		
6812 92 11	— Asbestos	kg.	16%
6812 92 19	— Other	kg.	16%
6812 92 90	— Other	kg.	16%
6812 93 00	- Compressed asbestos fibre jointing, in sheets or rools	kg.	16%
6812 99	- <i>Other:</i>		
	— <i>Lagging Compounds:</i>		
6812 99 11	— Asbestos	kg.	16%
6812 99 19	— Other		
	— <i>Asbestos packing joints and gaskets:</i>		
6812 99 21	— Packing joints	kg.	16%
6812 99 22	— Gaskets	kg.	16%
6812 99 90	— Other	kg.	16%";

(iv) in heading 6813, for tariff item 6813 10 00, sub-heading 6813 90, tariff items 6813 90 10 and 6813 90 90 and the entries relating thereto, the following sub-heading, tariff items and entries shall be substituted, namely:—

"6813 20	- <i>Containing asbestos:</i>		
6813 20 10	— Brake lining and pads	kg.	16%
6813 20 90	— Asbestos friction materials	kg.	16%
	- <i>Not containing asbestos:</i>		
6813 81 00	- Brake linings and pads	kg.	16%
6813 89 00	- Other	kg.	16%";

(61) in Chapter 70,—

(i) in sub-heading Note, for the word and figures "sub-headings 7013 21, 7013 31", the words and figures "tariff items 7013 22 00, 7013 33 00, 7013 41 00" shall be substituted;

(ii) tariff item 7012 00 00 and the entries relating thereto shall be omitted;

(iii) for heading 7013, tariff items 7013 10 00 to 7013 39 00, sub-heading 7013 91, tariff items 7013 91 10, 7013 91 90, sub-heading 7013 99, tariff items 7013 99 10 and 7013 99 90 and the entries relating thereto, the following heading, tariff items and entries shall be substituted, namely:—

(1)	(2)	(3)	(4)
"7013	GLASSWARE OF A KIND USED FOR TABLE, KITCHEN, TOILET, OFFICE, INDOOR DECORATION OR SIMILAR PURPOSES (OTHER THAN THAT OF HEADING 7010 OR 7018)		
7013 10 00	- Of glass-ceramics	kg.	16%
	- <i>Stemware drinking glasses, other than of glass-ceramics:</i>		
7013 22 00	- Of lead crystal	kg.	16%
7013 28 00	- Other	kg.	16%
	- <i>Other drinking glasses, other than of glass-ceramics:</i>		
7013 33 00	- Of lead crystal	kg.	16%
7013 37 00	- Other	kg.	16%
	- <i>Glassware of a kind used for table (other than drinking glasses) or kitchen purposes, other than of glass-ceramics:</i>		
7013 41 00	- Of lead crystal	kg.	16%
7013 42 00	- Of glass having a linear coefficient of expansion not exceeding 5×10^{-6} per Kelvin within a temperature range of 0°C to 300°C	kg.	16%
7013 49 00	- Other	kg.	16%
	- <i>Other glassware:</i>		
7013 91 00	- Of lead crystal	kg.	16%
7013 99 00	- Other	kg.	16%";

(62) in Chapter 71,—

(i) in Note 2, for the brackets and letters "(a)" and "(b)" wherever they occur, the brackets and letters "(A)" and "(B)" shall respectively be substituted;

(ii) in Note 4, for the brackets and letters "(a)", "(b)" and "(c)", except "2(b)", the brackets and letters "(A)", "(B)" and "(C)" shall respectively be substituted;

(iii) for Note 9, the following Note shall be substituted, namely:—

"9. For the purposes of heading 7113, the expression "articles of jewellery" means:

(a) any small objects of personal adornment (for example, rings, bracelets, necklaces, brooches, ear-rings, watch-chains, fobs, pendants, tie-pins, cuff-links, dress-studs, religious or other medals and insignia); and

(b) articles of personal use of a kind normally carried in the pocket, in the handbag or on the person (for example, cigar or cigarette cases, snuff boxes, cachou or pill boxes, powder boxes, chain purses or prayer beads).

These articles may be combined or set, for example, with natural or cultured pearls, precious or semi-precious stones, synthetic or reconstructed precious or semi-precious stones, tortoise shell, mother-of-pearl, ivory, natural or reconstituted amber, jet or coral.";

(1)	(2)	(3)	(4)
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(iv) in Sub-heading Note 2, for figure, brackets and letter "4(b)", the figure, brackets and letter "4(B)" shall be substituted;

(63) in Chapter 72,—

(i) in heading 7225, sub-heading 7225 20, tariff items 7225 20 11 to 7225 20 29 and the entries relating thereto shall be omitted;

(ii) in heading 7226, tariff items 7226 93 00 and 7226 94 00 and the entries relating thereto shall be omitted;

(iii) in heading 7229, tariff items 7229 10 00 and the entries relating thereto shall be omitted;

(64) in Chapter 73,—

(i) in heading 7304, for sub-heading 7304 10, tariff items 7304 10 11 to 7304 10 29, sub-heading 7304 21, tariff items 7304 21 10, 7304 21 90; sub-heading 7304 29, tariff items 7304 29 10, 7304 29 90, sub-heading 7304 31, tariff items 7304 31 11 to 7304 31 39, sub-heading 7304 39, tariff items 7304 39 11 to 7304 49 00, sub-heading 7304 51, tariff items 7304 51 10 to 7304 51 30, sub-heading 7304 59, tariff items 7304 59 10 to 7304 90 00 and the entries relating thereto, the following sub-headings, tariff items and entries shall be substituted, namely:—

“- *Line pipe of a kind used for oil and gas pipelines:*

7304 11	--	<i>Of stainless steel:</i>		
7304 11 10	--	Tubes and pipes	Kg.	16%
7304 11 20	--	Blanks for tubes and pipes	Kg.	16%
7304 11 90	--	Other	Kg.	16%
7304 19	--	<i>Other:</i>		
7304 19 10	--	Tubes and pipes	Kg.	16%
7304 19 20	--	Blanks for tubes and pipes	Kg.	16%
7304 19 90	--	Other	Kg.	16%
	-	<i>Casing, tubing and drill pipe, of a kind used in drilling for oil or gas:</i>		
7304 22 00	-	Drill pipe of stainless steel	Kg.	16%
7304 23	-	<i>Other drill pipe:</i>		
7304 23 10	--	Of iron	Kg.	16%
7304 23 90	--	Other	Kg.	16%
7304 24 00	-	Other, of stainless steel	Kg.	16%
7304 29	-	<i>Other:</i>		
7304 29 10	--	Of iron	Kg.	16%
7304 29 90	--	Other	Kg.	16%
	-	<i>Other, of circular cross-section, of iron or non-alloy steel:</i>		
7304 31	-	<i>Cold-drawn or cold-rolled (cold-reduced):</i>		
	--	<i>Up to 114.3 mm outer diameter:</i>		
7304 31 11	----	Of iron	Kg.	16%
7304 31 19	----	Other	Kg.	16%
	--	<i>Above 114.3 mm but up to 219.1 mm outer diameter:</i>		
7304 31 21	----	Of iron	Kg.	16%

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(1)	(2)	(3)	(4)
7304 31 29	--- Other	Kg.	16%
	--- Above 219.1 mm diameter:		
7304 31 31	--- Of iron	Kg.	16%
7304 31 39	--- Other	Kg.	16%
7304 39	- Other:		
	--- Up to 114.3 mm outer diameter:		
7304 39 11	--- Of iron	Kg.	16%
7304 39 19	--- Other	Kg.	16%
	--- Above 114.3 mm but up to 219.1 mm outer diameter:		
7304 39 21	--- Of iron	Kg.	16%
7304 39 29	--- Other	Kg.	16%
	--- Above 219.1 mm diameter:		
7304 39 31	--- Of iron	Kg.	16%
7304 39 39	--- Other	Kg.	16%
	- Other, of circular cross-section, of stainless steel:		
7304 41 00	- Cold-drawn or cold-rolled (cold-reduced)	Kg.	16%
7304 49 00	- Other	Kg.	16%
	- Other, of circular cross-section, of other alloy steel:		
7304 51	- Cold-drawn or cold-rolled (cold-reduced):		
7304 51 10	--- Up to 114.3 mm diameter	Kg.	16%
7304 51 20	--- Above 114.3 mm but up to 219.1 mm outer diameter	Kg.	16%
7304 51 30	--- Above 219.1 mm outer diameter	Kg.	16%
7304 59	- Other:		
7304 59 10	--- Up to 114.3 mm diameter	Kg.	16%
7304 59 20	--- Above 114.3 mm but up to 219.1 mm outer diameter	Kg.	16%
7304 59 30	--- Above 219.1 mm outer diameter	Kg.	16%
7304 90 00	- Other	Kg.	16%";

(ii) in heading 7306, for sub-heading 7306 10, tariff items 7306 10 11 to 7306 10 29, sub-heading 7306 20, tariff items 7306 20 10 to 7306 20 90, sub-heading 7306 30, tariff items 7306 30 10 to 7306 50 00, sub-heading 7306 60, tariff items 7306 60 10 and 7306 60 90 and the entries relating thereto, the following sub-headings, tariff items and entries shall be substituted, namely:—

	"- Line pipe of a kind used for oil or gas . pipeline:		
7306 11 00	- Welded, of stainless steel	Kg.	16%
7306 19	- Other:		
	--- Galvanized pipes:		
7306 19 11	--- Of iron	Kg.	16%
7306 19 19	--- Other	Kg.	16%
	--- Non-galvanized pipes:		
7306 19 21	--- Of iron	Kg.	16%
7306 19 29	--- Other	Kg.	16%
	- Casing and tubing of a kind used in drilling for oil or gas:		

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(1)	(2)	(3)	(4)
7306 21 00	- Welded, of stainless steel	Kg.	16%
7306 29	- Other:		
7306 29 11	--- Of iron	Kg.	16%
7306 29 19	--- Other	Kg.	16%
7306 30	- Other, welded, of circular cross-section, of iron or non-alloy steel:		
7306 30 10	--- Of iron	Kg.	16%
7306 30 90	--- Other	Kg.	16%
7306 40 00	- Other, welded, of circular cross-section, of stainless steel	Kg.	16%
7306 50 00	- Other, welded, of circular cross-section, of other alloy steel	Kg.	16%
	- Other, welded, of non-circular cross-section:		
7306 61 00	- Of square or rectangular cross section	Kg.	16%
7306 69 00	- Of other non-circular cross section	Kg.	16%
7306 90	- Other:		
	- ERW precision tubes:		
7306 90 11	--- Of iron	Kg.	16%
7306 90 19	--- Other	Kg.	16%
7306 90 90	--- Other	Kg.	16%";

(iii) in heading 7314, tariff items 7314 13 00 and the entries relating thereto shall be omitted;

(iv) in heading 7319, Sub-heading 7319 10, tariff items 7319 10 10 to 7319 10 90 and the entries relating thereto shall be omitted;

(v) in heading 7321, for sub-heading 7321 13, tariff items 7321 13 10 to 7321 13 90, sub-heading 7321 83, tariff item 7321 83 10 and 7321 83 90 and the entries relating thereto, the following sub-headings, tariff items and entries shall be substituted, namely:—

"7321 19	- Other, including appliances for solid fuel:		
7321 19 10	--- Cookers and kitchen stoves	u	16%
7321 19 90	--- Other stoves and appliances	u	16%
7321 89	- Other, including appliances for solid fuel:		
7321 89 10	--- Clay tandoor (oven with iron or steel body and earthen grates)	Kg.	16%
7321 89 90	--- Other	Kg.	16%";

(65) in Chapter 74,—

(i) in Note 1, in clause (f), the paragraph beginning with the words "In the case of" and ending with the words "exceeds 6 mm" shall be omitted.

(ii) in heading 7401, for tariff items 7401 10 00 and 7401 20 00 and the entries relating thereto, the following sub-heading, tariff items and entries shall be substituted, namely:—

"7401 00	- Copper Mattes; Cement copper (precipitated copper):		
7401 00 10	--- Copper mattes	Kg.	16%
7401 00 90	--- Cement copper (precipitated copper)	Kg.	16%";

(iii) in heading 7403, sub-heading 7403 23, tariff items 7403 23 10 and 7403 23 20 and the entries relating thereto shall be omitted;

(1)	(2)	(3)	(4)
	(iv) in heading 7407, sub-heading 7407 22, tariff items 7407 22 10 and 7407 2220 and the entries relating thereto shall be omitted;		
	(v) heading 7414, sub-heading 7414 20, tariff items 7414 20 10 to 7414 20 90, sub-heading 7414 90, tariff items 7414 90 10 to 7414 90 90 and the entries relating thereto shall be omitted;		
	(vi) tariff item 7416 00 00 and the entries relating thereto shall be omitted;		
	(vii) heading 7417, sub-heading 7417 00, tariff items 7417 00 11 to 7417 00 99 and the entries relating thereto shall be omitted;		
	(66) in Chapter 78,—		
	(i) heading 7803, sub-heading 7803 00, tariff items 7803 00 11 to 7803 00 30 and the entries relating thereto shall be omitted;		
	(ii) heading 7805, sub-heading 7805 00, tariff items 7805 00 10 and 7805 00 20 and the entries relating thereto shall be omitted;		
	(67) in Chapter 79, heading 7906, sub-heading 7906 00, tariff items 7906 00 10 and 7906 00 20 and the entries relating thereto shall be omitted;		
	(68) in Chapter 80,—		
	(i) in Note 1, in clause (d), the paragraph beginning with the words and figures "Headings 8004" and ending with the words "other headings" shall be omitted;		
	(ii) heading 8004, sub-heading 8004 00, tariff items 8004 00 10 and 8004 00 90 and the entries relating thereto shall be omitted;		
	(iii) tariff item 8005 00 00 and the entries relating thereto shall be omitted;		
	(iv) heading 8006, sub-heading 8006 00, tariff items 8006 00 10 and 8004 00 20 and the entries relating thereto shall be omitted;		
	(69) in Chapter 81,—		
	(i) in heading 8101, sub-heading 8101 95, tariff items 8101 95 10 and 8101 95 90 and the entries relating thereto shall be omitted;		
	(ii) in heading 8112, sub-heading 8112 30, tariff items 8112 30 10 to 8112 30 90, sub-heading 8112 40, tariff items 8112 40 10 to 8112 40 90 and the entries relating thereto shall be omitted;		
	(70) in Chapter 83, in tariff item 8311 90 00, in the entry in column (2), the words "including parts" shall be omitted;		
	(71) in Section XVI,—		
	(i) in Note 1, in clause (b), for the word and figures "heading 4204", the word and figures "heading 4205" shall be substituted;		
	(ii) in Note 2, in clauses (a) and (e), for the figures "8485", the figures "8487" shall be substituted;		

(1)	(2)	(3)	(4)
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(72) in Chapter 84,—

(i) in Note 1, for clauses (e) and (f), the following clauses shall be substituted, namely:—

"(e) vacuum cleaners of heading 8508;

(f) electro-mechanical domestic appliances of heading 8509; digital cameras of heading 8525;
or

(g) hand-operated mechanical floor sweepers, not motorised (heading 9603)

(ii) in Note 2,—

(a) for the portion beginning with the words "Subject to" and ending with the words "not the latter.", the following shall be substituted, namely:—

"Subject to the operation of Note 3 to Section XVI and subject to Note 9 to this Chapter, a machine or appliance which answers to a description in one or more of the headings 8401 to 8424, or heading 8486 and at the same time to a description in one or other of the headings 8425 to 8480 is to be classified under the appropriate heading of the headings 8401 to 8424 or under the heading 8486, as the case may be, and not under the headings 8425 to 8480."

(b) for the brackets, words and figures "(Heading 8443 or 8471)," the brackets, word and figures "(heading 8443)" shall be substituted;

(iii) for Note 5, the following Note shall be substituted, namely:—

"5. (A) For the purposes of heading 8471, the expression "automatic data processing machine" means machine capable of:

(i) storing the processing programme or programmes and at least the data immediately necessary for the execution of the programme;

(ii) being freely programmed in accordance with the requirements of the user;

(iii) performing arithmetical computations specified by the user; and

(iv) executing, without human intervention, a processing programme which requires them to modify their execution, by logical decision during the processing run.

(B) Automatic data processing machines may be in the form of systems consisting of a variable number of separate units

(C) Subject to paragraphs (D) and (E), a unit is to be regarded as being part of an automatic data processing system if it meets all of the following conditions:

(i) it is of a kind solely or principally used in an automatic data processing system;

(ii) it is connectable to the central processing unit either directly or through one or more other units; and

(iii) it is able to accept or deliver data in a form (codes or signals) which can be used by the system.

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Separately presented units of an automatic data processing machine are to be classified in heading 8471.

However, keyboards, X-Y co-ordinate input devices and disk storage units which satisfy the conditions of (ii) and (iii) above, are in all cases to be classified as units of heading 8471.

(D) Heading 8471 does not cover the following when presented separately, even if they meet all of the conditions set forth in paragraph (C);

(i) printers, copying machines, facsimile machines, whether or not combined;

(ii) apparatus for the transmission or reception of voice, images or other data, including apparatus for communication in a wired or wireless network (such as a local or wide area network);

(iii) loudspeakers and microphones;

(iv) television cameras, digital cameras and video camera recorders;

(v) monitors and projectors, not incorporating television reception apparatus.

(E) Machines incorporating or working in conjunction with an automatic data processing machine and performing a specific function other than data processing are to be classified in the headings appropriate to their respective function, failing that, in residual headings.

(iv) after Note 8, the following Note shall be inserted, namely:—

"9. (A) Clauses (a) and (b) of Note 8 to Chapter 85 shall also apply respectively to the expressions "semi-conductor devices" and "electronic integrated circuits", used in this Note and in the heading 8486. However, for the purposes of this Note and heading 8486, the expressions "semi-conductor devices" also covers photosensitive semi-conductor devices and light emitting diodes.

(B) For the purposes of this Note and heading 8486, the expression "manufacture of flat panel displays" covers the fabrication of substrates into a flat panel. It does not cover the manufacture of glass or the assembly of printed circuit boards or other electronic components onto the flat panel. The expression "flat panel display" does not cover cathode ray tube technology.

(C) Heading 8486 also includes machines and apparatus solely or principally of a kind used for:

(i) the manufacture or repair of masks and reticles;

(ii) assembling semi-conductor devices or electronic integrated circuits; and

(iii) lifting, handling, loading or unloading of boules, wafers, semi-conductor devices, electronic integrated circuits and flat panel displays.

(D) Subject to Note 1 to Section XVI and Note 1 to Chapter 84, machines and apparatus answering to the description in heading 8486 are to be classified in that heading and in no other heading of this schedule.

(v) in sub-heading Note 1, for the figure, brackets and letter "5(B)", the figure, brackets and letter "5(C)" shall be substituted;

(vi) in heading 8418,—

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(a) tariff item 8418 22 00 and the entries relating thereto shall be omitted;

(b) in tariff item 8418 50 00, the entry in column (2), the following entry shall be substituted, namely:—

“Other furniture (chests, cabinets, display counters, showcases and the like) for storage and display incorporating refrigerating or freezing equipment”;

(c) in tariff item 8418 61 00, for the entry in column (2), the following entry shall be substituted, namely:—

“—Head pumps other than air conditioning machines of heading 8415”;

(vii) in heading 8425, tariff item 8425 20 00 and the entries relating thereto shall be omitted;

(viii) in heading 8428, sub-heading 8428 50, tariff items 8428 50 10 to 8428 50 90 and the entries relating thereto shall be omitted;

(ix) in heading 8442,—

(a) for the entry in column (2), the following entry shall be substituted, namely:—

“MACHINERY, APPARATUS AND EQUIPMENT (OTHER THAN THE MACHINE TOOLS OF HEADINGS 8456 TO 8465) FOR PREPARING OR MAKING PLATES, PRINTING COMPONENTS; PLATES, CYLINDERS AND OTHER PRINTING COMPONENTS; PLATES, CYLINDERS AND LITHOGRAPHIC STONES, PREPARED FOR PRINTING PURPOSES (FOR EXAMPLE, PLANED, GRAINED OR POLISHED)”;

(b) tariff item 8442 10 00, sub-heading 8442 20, tariff items 8442 20 10 to 8442 20 90 and the entries relating thereto shall be omitted;

(c) in sub-heading 8442 30, in the entry in column (2), for the words “Other machinery”, the word, “Machinery” shall be substituted;

(d) for sub-heading 8442 50, tariff items 8442 50 10 to 8442 50 90 and the entries relating thereto, the following sub-heading, tariff items and entries shall be substituted; namely:—

“8442 50 - Plates, cylinders and other printing components; plates, cylinders and lithographic stones, prepared for printing purposes (for example, planed, grained or polished);

8442 50 10	— Plates and cylinders	kg.	16%
8442 50 20	— Lithographic plates	kg.	16%

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	<i>Plate, cylinder and lithographic stones prepared for printing purposes:</i>		
8442 50 31	--- Plate and cylinder for textile printing machine	kg.	16%
8442 50 39	--- Other	kg.	16%
8442 50 40	--- Highly polished copper sheets for making blocks	kg.	16%
8442 50 50	--- Highly polished zinc sheets for making process blocks	kg.	16%
8442 50 90	--- Other	kg.	16%";

(x) for heading 8443, tariff items 8443 11 00 to 8443 51 00, sub-heading 8443 59, tariff items 8443 59 10 to 8443 59 90, sub-heading 8443 60, tariff items 8443 60 10 to 8443 60 90, sub-heading 8443 90, tariff items 8443 90 10 and 8443 90 90 and the entries relating thereto, the following headings, sub-headings, tariff items and entries shall be substituted, namely:—

"8443

PRINTING MACHINERY USED FOR
PRINTING BY MEANS OF PLATES,
CYLINDERS AND OTHER PRINTING
COMPONENTS OF HEADING 8442;
OTHER PRINTERS, COPYING
MACHINES AND FACSIMILE
MACHINES, WHETHER OR NOT
COMBINED; PARTS AND
ACCESSORIES THEREOF

-Printing machinery used for printing by means of plates, cylinders and other printing components of heading 8442:

8443 11 00	- Offset printing machinery, reel-fed	u	16%
8443 12 00	- Offset printing machinery, sheet-fed, office type (using sheets with one side not exceeding 22 cm and the other side not exceeding 36 cm in the unfolded state)	u	16%
8443 13 00	- Other offset printing machinery	u	16%
8443 14 00	- Letterpress printing machinery, reel fed, excluding flexographic printing	u	16%
8443 15 00	- Letterpress printing machinery, other than reel fed, excluding flexographic printing	u	16%
8443 16 00	- Flexographic printing machinery	u	16%
8443 17 00	- Gravure printing machinery	u	16%
8443 19 00	- Other	u	16%
	<i>-Other printers, copying machines and facsimile machines, whether or not combined:</i>		
8443 31 00	- Machines which perform two or more of the functions of printing, copying or facsimile transmission, capable of connecting to an automatic data processing machine or to a network	u	16%

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(1)	(2)	(3)	(4)
8443 32 00	-- Other, capable of connecting to an automatic data processing machine or to a net work	u	16%
8443 39	-- Other:		
8443 39 10	--- Flat bed printing presses	u	16%
8443 39 20	--- Platen printing presses	u	16%
8443 39 30	--- Proof presses	u	16%
	--- Machinery for printing repetitive word or design or colour:		
8443 39 41	--- On cotton textile	u	16%
8443 39 49	--- Other	u	16%
	- Machines for uses ancillary to printing:		
8443 39 51	--- Automatic feeders and sheet delivering machine	u	16%
8443 39 52	--- Serial numbering machines	u	16%
8443 39 53	--- Folders, guzmnos perforators and staplers	u	16%
8443 39 59	--- Other	u	16%
	- Parts and accessories:		
8443 91 00	- Parts and accessories of printing machinery used for printing by means of plates, cylinders and other printing components of heading 8442	kg.	16%
8443 99 00	- Other	kg.	16%";

(xi) in heading 8448, sub-heading 8448 41, tariff items 8448 41 10 to 8448 41 90 and the entries relating thereto shall be omitted;

(xii) in heading 8456, for tariff items 8456 30 00, 8456 91 00, sub-heading 8456 99, tariff items 8456 99 10 and 8456 99 90 and the entries relating thereto, the following sub-heading, tariff items and entries shall be substituted, namely:—

"8456 30 00	- Operated by electro-discharge processes	u	16%
8456 90	- Other:		
8456 90 10	--- For dry etching pattern on semi conductor materials	u	16%
8456 90 20	--- Electro chemical machines	u	16%
8456 90 90	--- Other	u	16%";

(xiii) for heading 8469, tariff items 8469 11 00, 8469 12 00, sub-heading 8469 20, tariff items 8469 20 10, 8469 20 90, sub-heading 8469 30, tariff items 8469 30 10 and 8469 30 90 and the entries relating thereto, the following heading, sub-heading, tariff items and entries shall be substituted, namely:—

"8469	TYPEWRITERS OTHER THAN PRINTERS OF HEADING 8443; WORD-PROCESSING MACHINES		
8469 00	- Typewriters other than printers of heading 8443; word-processing machines:		
8469 00 10	--- Word processing machines	u	16%

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(1)	(2)	(3)	(4)
8469 00 20	--- Automatic typewriters	u	16%
8469 00 30	--- Braille typewriters, electric	u	Nil
8469 00 40	--- Braille typewriters, non-electric	u	Nil
8469 00 90	--- Other typewriters, electric or non-electric	u	16%";

(xiv) in heading 8470, sub-heading 8470 40, tariff items 8470 40 10 and 8470 40 20 and the entries relating thereto shall be omitted;

(xv) in heading 8471,—

(a) tariff item 8471 10 00 and the entries relating thereto shall be omitted;

(b) in sub-heading 8471 30 and after tariff item 8471 30 90, in the entry in column (2), the word "digital" wherever it occurs, shall be omitted;

(c) in tariff item 8471 50 00, in the entry in column (2), for the word "Digital processing"; the words "Processing" shall be substituted;

(xvi) in heading 8472, tariff item 8472 20 00 and the entries relating thereto shall be omitted;

(xvii) for heading 8485, tariff items 8485 10 00 and 8485 90 00 and the entries relating thereto, the following heading, tariff items and entries shall be substituted, namely:—

"8486			
	MACHINES AND APPARATUS OF A KIND USED SOLELY OR PRINCIPALLY FOR THE MANUFACTURE OF SEMI-CONDUCTOR BOULES OR WAFERS, SEMI-CONDUCTOR DEVICES, ELECTRONIC INTEGRATED CIRCUITS OR FLAT PANEL DISPLAYS; MACHINES AND APPARATUS SPECIFIED IN NOTE 9(C) TO THIS CHAPTER; PARTS AND ACCESSORIES		
8486 10 00	- Machines and apparatus for the manufacture of boules or wafers	u	16%
8486 20 00	- Machines and apparatus for the manufacture of semi-conductor devices or of electronic integrated circuits	u	16%
8486 30 00	- Machines and apparatus for the manufacture of flat panel displays	u	16%
8486 40 00	- Machines and apparatus specified in Note 9(C) to this Chapter	u	16%
8486 90 00	- Parts and accessories	kg.	16%
8487			
	MACHINERY PARTS, NOT CONTAINING ELECTRICAL CONNECTORS, INSULATORS, COILS, CONTACTS OR NOT SPECIFIED OR INCLUDED ELSEWHERE IN THIS CHAPTER		
8487 10 00	- Ships' or boats' propellers and blades therefor	u	16%

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8487 90 00 - Other		kg.	16%";
(72) in Chapter 85,—			

(i) in Note 1,—

(a) in clause (b), the word "or" occurring at the end shall be omitted;

(b) for clause (c), the following clauses shall be substituted, namely:—

"(c) machines and apparatus of heading 8486;

(d) vacuum apparatus of a kind used in medical, surgical, dental or veterinary purposes (Chapter 90); or

(e) electrically heated furniture of Chapter 94.";

(ii) in Note 3, for clause (a), the following clause shall be substituted, namely:—

"(a) floor polishers, food grinders and mixers, and fruit or vegetable juice extractors, of any weight;"

(iii) for Notes 4, 5, 6, 7 and 8, the following Notes shall be substituted, namely:—

"4. For the purposes of heading 8523:

(a) "Solid-state non-volatile storage devices" (for example, "flash memory cards" or "flash electronic storage cards") are storage devices with a connecting socket, comprising in the same housing one or more flash memories (for example, "FLASH E² PROM") in the form of integrated circuits mounted on a printed circuit board. They may include a controller in the form of an integrated circuit and discrete passive components, such as capacitors and resistors;

(b) The term "smart cards" means cards which have embedded in them one or more electronic integrated circuits [a microprocessor, random access memory (RAM) or read-only memory (ROM)] in the form of chips. These cards may contain contacts, a magnetic stripe or an embedded antenna but do not contain any other active or passive circuit elements.

5. For the purposes of heading 8534, "printed circuits" are circuits obtained by forming on an insulating base, by any printing process (for example, embossing, plating up, etching) or by the "film circuit" technique, conductor elements, contacts or other printed components (for example, inductances, resistors, capacitors) alone or interconnected according to a pre-established pattern, other than elements which can produce, rectify, modulate or amplify an electrical signal (for example, semi-conductor elements).

The expression "printed circuits" does not cover circuits combined with elements other than those obtained during the printing process, nor does it cover individual, discreet resistors, capacitors or inductances. Printed circuits may, however, be fitted with non printed connecting elements.

Thin-or thick-film circuits comprising passive and active elements obtained during the same technological process are to be classified in heading 8542.

6. For the purpose of heading 8536, "connectors for optical fibres, optical fibre bundles or cables" means connectors that simply mechanically align optical fibres end to end in a digital line system. They perform no other function, such as the amplification, regeneration or modification of a signal.

(1)	(2)	(3)	(4)
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7. Heading 8537 does not include cordless infrared devices for the remote control of television receivers or other electrical equipment (heading 8543).

8. For the purposes of headings 8541 and 8542;

(a) "Diodes, transistors and similar semi-conductor devices" are semi-conductor devices the operation of which depends on variations in resistivity on the application of an electric field;

(b) "Electronic integrated circuits" are:

(i) Monolithic integrated circuits in which the circuit elements (diodes, transistors, resistors, capacitors, inductances, etc.) are created in the mass essentially) and on the surface of a semiconductor or compound semiconductor material (for example, doped silicon, gallium arsenide, silicon germanium, indium phosphide) and are inseparably associated;

(ii) Hybrid integrated circuits in which passive elements (resistors, capacitors, inductances, etc.), obtained by thin-or thick-film technology, and active elements (diodes, transistors, monolithic integrated circuits, etc.), obtained by semiconductor technology, are combined to all intents and purposes indivisibly, by interconnections or interconnecting cables, on a single insulating substrate (glass, ceramic, etc.). These circuits may also include discrete components;

(iii) Multi chip integrated circuits consisting of two or more interconnected monolithic integrated circuits combined to all intents and purposes indivisibly, whether or not on or more insulating substrates, with or without lead frames, but with no other active or passive circuit elements.

For the classification of the articles defined in this Note, headings 8541 and 8542 shall take precedence over any other heading in this Schedule, except in the case of heading 8523, which might cover them by reference to, in particular, their function.

9. For the purposes of heading 8548, "spent primary cells, spent primary cells, spent primary batteries and spent electric accumulators" are those which are neither usable as such because of breakage, cutting-up, wear or other reasons, nor capable of being recharged.

10. For the purposes of heading 8523 "recording" of sound or other phenomena shall amount to manufacture;

(iv) for Sub-heading Notes, the following Sub-heading Note shall be substituted, namely:—

"SUB-HEADING NOTE

Sub-heading 8527 12 covers only cassette-players with built-in amplifier, without built-in loudspeaker, capable of operating without an external source of electric power and the dimensions of which do not exceed 170 mm x 100 mm x 45 mm.";

(v) in supplementary note, for the figures "8524", the figures "8523" shall be substituted;

(vi) in heading 8505, tariff item 8505 30 00 and entries relating thereto shall be omitted;

(vii) after tariff item 8507 90 90, the following heading, tariff items and entries shall be inserted, namely:—

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"8508	VACUUM CLEANERS - With self-contained electric motor:		
8508 11 00	- Of a power not exceeding 1,500 W and having a dust bag or other receptacle capacity not exceeding 20l	u	16%
8508 19 00	- Other	u	16%
8508 60 00	- Other vacuum cleaners	u	16%
8508 70 00	- Parts	kg.	16%";

(viii) in heading 8509,—

(a) for the entry in column (2), the following entry shall be substituted, namely:—

"Electro-mechanical domestic appliances, with self-contained electric motor, other than vacuum cleaners of heading 8508";

(b) tariff items 8509 10 00 to 8509 30 00 and the entries relating thereto shall be omitted;

(ix) for heading 8517, sub-heading 8517 11, tariff items 8517 11 10, 8517 11 90, sub-heading 8517 19, tariff items 8517 19 11 to 8517 30 00, sub-heading 8517 50, tariff items 8517 50 10 to 8517 50 99, sub-heading 8517 80, tariff items 8517 80 10 to 8517 80 90, sub-heading 8517 90, tariff items 8517 90 10 and 8517 90 90 and the entries relating thereto, the following heading, sub-headings, tariff items and entries shall be substituted, namely:—

"8517	TELEPHONE SETS, INCLUDING TELEPHONES FOR CELLULAR NETWORKS; OR FOR OTHER WIRELESS NETWORKS;-- OTHER APPARATUS FOR THE TRANSMISSION OR RECEPTION OF VOICE, IMAGES OR OTHER DATA, INCLUDING APPARATUS FOR COMMUNICATION IN A WIRED OR WIRELESS NETWORK (SUCH AS A LOCAL OR WIDE AREA NETWORK), OTHER THAN TRANSMISSION OR RECEPTION APPARATUS OF HEADING 8443, 8525, 8527 OR 8528 -Telephone sets, including telephones for cellular networks or for other wireless networks:		
8517 11	- Line telephone sets with cordless handsets:		
8517 11 10	-- Push button type	u	16%
8517 11 90	-- Other	u	16%
8517 12	- Telephones for cellular networks or for other wireless networks:		
8517 12 10	-- Push button type	16%	
8517 12 90	-- Other	u	16%
8517 18	- Other:		
8517 18 10	-- Push button type	u	16%
8517 18 90	-- Other	u	16%

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(1)	(2)	(3)	(4)
	- Other apparatus for transmission or reception of voice, images or other data, including apparatus for communication in a wired or wireless network (such as a local or wide area network):		
8517 61 00	- Base stations	u	16%
8517 62	- Machines for the reception, conversion and transmission or regeneration of voice, images or other data, including switching and routing apparatus:		
8517 62 10	--- PLCC equipment	u	16%
8517 62 20	--- Voice frequency telegraphy	u	16%
8517 62 30	--- Modems (modulators-demodulators)	u	16%
8517 62 40	--- High bit rate digital subscriber line system (HDSL)	u	16%
8517 62 50	--- Digital loop carrier system (DLC)	u	16%
8517 62 60	--- Synchronous digital hierarchy system (SDH)	u	16%
8517 62 70	--- Multiplexers, statistical multiplexers	u	16%
8517 62 90	--- Other	u	16%
8517 69	- Other:		
8517 69 10	--- ISDN System	u	16%
8517 69 20	--- ISDN terminal adaptor	u	16%
8517 69 30	--- Routers	u	16%
8517 69 40	--- X 25 Pads	u	16%
8517 69 50	--- Subscriber end equipment	u	16%
8517 69 60	--- Set top boxes for gaining access to internet	u	16%
8517 69 70	--- Attachments for telephones	u	16%
8517 69 90	--- Other	u	16%
8517 70	- Parts:		
8517 70 10	--- Populated, loaded or stuffed printed circuit boards	kg.	16%
8517 70 90	--- Other	kg.	16%";

(x) for heading 8519, tariff items 8519 10 00 to 8519 93 00, sub-heading 8519 99, tariff items 8519 99 10 to 8519 99 90 and the entries relating thereto, the following heading, sub-heading, tariff items and entries shall be substituted, namely:—

"8519	SOUND RECORDING OR REPRODUCING APPARATUS		
8519 20 00	- Apparatus operated by coins, banknotes, bank cards, tokens or by other means of payment	u	16%
8519 30 00	- Turntables (record-decks)	u	16%
8519 50 00	- Telephone answering machines	u	16%
	- Other apparatus:		
8519 81 00	- Using magnetic, optical or semiconductor media	u	16%
8519 89	- Other:		
8519 89 10	- Audio Compact disc player	u	16%
8519 89 20	- Compact disc changer including mini disc player or laser disc player	u	16%

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(1)	(2)	(3)	(4)
8519 89 30	— Time Code recorder	u	16%
8519 89 40	— MP-3 player	u	16%";
8519 89 90	— Other		

(xi) heading 8520, tariff items 8520 10 00 to 8520 32 00, sub-heading 8520 33, tariff items 8520 33 10, 8520 33 90, sub-heading 8520 39, tariff items 8520 39 10, 8520 3990, sub-heading 8520 90, tariff items 8520 90 10 and 8520 90 90 and the entries relating thereto shall be omitted;

(xii) for heading 8523, sub-heading 8523 11, tariff items 8523 11 11 to 8523 11 29, sub-heading 8523 12, tariff items 8523 12 11 to 8523 12 29, sub-heading 8523 13, tariff items 8523 13 11 to 8523 13 29, sub-heading 8523 20, tariff items 8523 20 10 to 8523 30 00, sub-heading 8523 90, tariff items 8523 90 10 to 8523 90 90 and the entries relating thereto, the following heading, sub-headings, tariff items and entries shall be substituted, namely:—

"8523 DISCS, TAPES, SOLID-STATE NON-VOLATILE STORAGE DEVICES, "SMART CARDS" AND OTHER MEDIA FOR THE RECORDING OF SOUND OR OF OTHER PHENOMENA, WHETHER OR NOT RECORDED, INCLUDING MATRICES AND MASTERS PRODUCTION OF DISCS, BUT EXCLUDING PRODUCTS OF CHAPTER 37			
- <i>Magnetic media :</i>			
8523 21 00	— Cards incorporating a magnetic stripe	u	16%
8523 29	— <i>Other :</i>		
8523 29 10	— Audio cassettes	u	16%
8523 29 20	— Video cassettes	u	16%
8523 29 30	— Video magnetic tape including those in hubs and reels, rolls, pancakes and jumbo rolls	u	16%
8523 29 40	— 3/4" and 1" video cassettes	u	16%
8523 29 50	— 1/2" video cassettes suitable to work with betacam, betacam SP/M II and VHS type VCR	u	16%
8523 29 60	— Other video cassettes and tapes 3/4" and 1" video cassettes	u	16%
8523 29 70	— All kinds of Magnetic discs	u	16%
8523 29 80	— Cartridge tape	u	16%
8523 29 90	— Other	u	16%
- <i>Optical media:</i>			
8523 40 10	— Matrices for production of records; prepared record blanks	u	16%
8523 40 20	— Cartridge Tape	u	16%
8523 40 30	— 1/2" Video cassette suitable to work with digital VCR	u	16%
8523 40 40	— Compact disc (Audio)	u	16%
8523 40 50	— Compact disc (Video)	u	16%
8523 40 60	— Blank master discs (that is, substrate) for producing stamper for compact disc	u	16%
8523 40 70	— Stamper for CD audio, CD video and CD - ROM	u	16%

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(1)	(2)	(3)	(4)
8523 40 80	-- Digital video disc	u	16%
8523 40 90	-- Other	u	16%
	- <i>Semi-conductor media:</i>		
8523 51 00	- Solid-state non-volatile storage devices	u	16%
8523 52 00	- Smart cards	u	16%
8523 59 00	- Other	u	16%
8523 80	- <i>Other:</i>		
8523 80 10	-- Gramophone records	u	16%
8523 80 20	-- Information technology software	u	16%
8523 80 30	-- Audio-visual news or audio visual views	u	16%
8523 80 40	-- Children's video films	u	16%
8523 80 50	-- Video tapes of educational nature	u	16%
8523 80 60	-- 2-D/3D computer graphics	u	16%
8523 80 90	-- Other	u	16%";

(xiii) heading 8524, sub-heading 8524 10, tariff items 8524 10 10, 8524 10 90, sub-heading 8524 31, tariff items 8524 31 11 to 8524 31 90, sub-heading 8524 32, tariff items 8524 32 10, 8524 32 90, sub-heading 8524 39, tariff items 8524 39 10 to 8524 39 90, sub-heading 8524 40, tariff items 8524 40 11 to 8524 40 90, sub-heading 8524 51, tariff items 8524 51 11 to 8524 51 90, sub-heading 8524 52, tariff items 8524 52 11 to 8524 52 90, sub-heading 8524 53, tariff items 8524 53 11 to 8524 60 00, sub-heading 8524 91, tariff items 8524 91 11 to 8524 91 90, sub-heading 8524 99, tariff items 8524 99 10 to 8524 99 99 and the entries relating thereto shall be omitted;

(xiv) for heading 8525, sub-heading 8525 10, tariff items 8525 10 10 to 8525 10 90, sub-heading 8525 20, tariff items 8525 20 11 to 8525 40 00 and the entries relating thereto, the following heading, sub-headings, tariff items and entries shall be substituted, namely:—

"8525		TRANSMISSION APPARATUS FOR RADIO BROADCASTING OR TELEVISION, WHETHER OR NOT IN CORPORATING RECEPTION APPARATUS OR SOUND RECORDING OR REPRODUCING APPARATUS, TELEVISION CAMERAS, DIGITAL CAMERAS AND VIDEO CAMERA RECORDERS	
8525 50	-	<i>Transmission apparatus:</i>	
8525 50 10	--	Radio broadcast transmitter	u 16%
8525 50 20	--	TV broadcast transmitter	u 16%
8525 50 30	--	Broadcast equipment sub-system	u 16%
8525 50 40	--	Communication jamming equipment	u 16%
8525 50 50	--	Wireless microphone	u 16%
8525 50 90	--	Other	u 16%
8525 60	-	<i>Transmission apparatus incorporating reception apparatus :</i>	
	--	<i>Two way radio communication equipment:</i>	
8525 60 11	---	Walkie talkie set	u 16%
8525 60 12	---	Marine radio communication equipment	u 16%
8525 60 13	---	Amateur radio equipment	u 16%
8525 60 19	---	Other	u 16%
	--	<i>Other:</i>	

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(1)	(2)	(3)	(4)
8525 60 91	--- VSAT terminals	u	16%
8525 60 92	--- Other satellite communication equipment	u	16%
8525 60 99	--- Other	u	16%
8525 80	- <i>Television cameras, digital cameras and video camera recorders:</i>		
8525 80 10	--- Television cameras	u	16%
8525 80 20	--- Digital cameras	u	16%
8525 80 30	--- Video camera recorders	u	16%
8525 80 90	--- Other	u	16%";

(xv) for heading 8527, tariff items 8527 12 00 to 8527 39 00, sub-heading 8527 90, tariff items 8527 90 11 to 8527 90 90 and the entries relating thereto, the following heading, sub-heading, tariff items and entries shall be substituted, namely:—

<p>"8527 RECEPTION APPARATUS FOR RADIO-BROADCASTING, WHETHER OR NOT COMBINED, IN THE SAME HOUSING, WITH SOUND RECORDING OR REPRODUCING APPARATUS OR A CLOCK</p>			
<p>- <i>Radio-broadcast receivers capable of operating without an external source of power :</i></p>			
8527 12 00	- Pocket-size radio cassette-players	u	16%
8527 13 00	- Other apparatus combined with sound recording or reproducing apparatus	u	16%
8527 19 00	- Other	u	16%
<p>- <i>Radio-broadcast receivers not capable of operating without an external source of power, of a kind used in motor vehicles :</i></p>			
8527 21 00	- Combined with sound recording or reproducing apparatus	u	16%
8527 29 00	- Other	u	16%
<p>- <i>Other:</i></p>			
8527 91 00	- Combined with sound recording or reproducing apparatus	u	16%
8527 92 00	- Not combined with sound recording or reproducing apparatus but combined with a clock	u	16%
8527 99	- <i>Other:</i>		
<p>--- <i>Radio communication receivers:</i></p>			
8527 99 11	--- Radio pagers	u	16%
8527 99 12	--- Demodulators	u	16%
8527 99 19	--- Other	u	16%
8527 99 90	--- Other	u	16%";

(xvi) for heading 8528, sub-heading 8528 12, tariff items 8528 12 11 to 8528 12 99, sub-heading 8528 13, tariff items 8528 13 10, 8528 13 90, sub-heading 8528 21, tariff items 8528 21 10 to 8528 22 00, sub-heading 8528 30, tariff items 8528 30 10 to 8528 30 30 and the entries relating thereto, the following heading, sub-headings, tariff items and entries shall be substituted, namely:—

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(1)	(2)	(3)	(4)
"8528	MONITORS AND PROJECTORS, NOT INCORPORATING TELEVISION RECEPTION APPARATUS, RECEPTION APPARATUS FOR TELEVISION, WHETHER OR NOT INCORPORATING RADIO-BROADCAST RECEIVER OR SOUND OR VIDEO RECORDING OR REPRODUCING APPARATUS		
	- <i>Cathode-ray tube monitors:</i>		
8528 41 00	-- Of a kind solely or principally used in an automatic data processing system of heading 8471	u	16% or Rs. 34,000/- per set whichever is higher
8528 49 00	-- Other	u	16% or Rs. 34, 000/- per set whichever is higher
	- <i>Other monitors :</i>		
8528 51 00	-- Of a kind solely or principally used in an automatic data processing system of heading 8471	u	16% or Rs. 34,000/- per set whichever is higher
8528 59 00	-- Other	u	16% or Rs. 34,000/- per set whichever is higher
	- <i>Projectors:</i>		
8528 61 00	-- Of a kind solely or principally used in an automatic data processing system of heading 8471	u	16% or Rs. 34,000/- per set whichever is higher
8528 69 00	-- Other	u	16% or Rs. 34, 000/- per set whichever is higher
	- <i>Reception apparatus for television, whether or not incorporating radio-broadcast receivers or sound or video recording or reproducing apparatus:</i>		
8528 71 00	-- Not designed to incorporate a video display or screen	u	16% or Rs. 34,000/- per set whichever is higher
8528 72	-- <i>Other, colour:</i>		
8528 72 11	--- Television set of screen size upto 36 cm	u	16% or Rs. 34,000/- per set whichever is higher
8528 72 12	--- Television set of screen size exceeding 36 cm but not exceeding 54 cm	u	16% or Rs. 34,000/- per set whichever is higher
8528 72 13	--- Television set of screen size exceeding 54 cm but not exceeding 68 cm	u	16% or Rs. 34,000/- per set whichever is higher

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(1)	(2)	(3)	(4)
8528 72 14	--- Television set of screen size exceeding 68 cm but not exceeding 74 cm	u	16% or Rs. 34,000/- per set whichever is higher
8528 72 15	--- Television set of screen size exceeding 74 cm but not exceeding 87 cm	u	16% or Rs. 34,000/- per set whichever is higher
8528 72 16	--- Television set of screen size exceeding 87 cm but not exceeding 105 cm	u	16% or Rs. 34,000/- per set whichever is higher
8528 72 17	--- Television set of screen size exceeding 105 cm	u	16% or Rs. 34,000/- per set whichever is higher
8528 72 18	--- Liquid crystal display television set of screen size below 63 cm	u	16% or Rs. 34,000/- per set whichever is higher
8528 72 19	--- Other	u	16% or Rs. 34,000/- per set whichever is higher
8528 73	-- Other, black and white or other monochrome :		
8528 73 10	-- Liquid crystal display television set of screen size below 25 cm	u	16% or Rs. 34,000/- per set whichever is higher
8528 73 90	-- Other	u	16% or Rs. 34,000/- per set whichever is higher";

(xvii) in heading 8535, in the entry in column (2), for the word "PLUGS" the words "PLUGS AND OTHER CONNECTORS" shall be substituted;

(xviii) in heading 8536,—

(a) for the entry in column (2), the following entry shall be substituted, namely:—

"ELECTRICAL APPARATUS FOR SWITCHING OR PROTECTING ELECTRICAL CIRCUITS, OR FOR MAKING CONNECTIONS TO OR IN ELECTRICAL CIRCUITS (FOR EXAMPLE, SWITCHES, RELAYS, FUSES, SURGE SUPPRESSORS, PLUGS, SOCKETS, LAMP-HOLDERS AND OTHER CONNECTORS, JUNCTION BOXES), FOR A VOLTAGE NOT EXCEEDING 1,000 VOLTS; CONNECTORS FOR OPTICAL FIBRES, OPTICAL FIBRE BUNDLES OR CABLES";

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(1)	(2)	(3)	(4)
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(b) after tariff item 8536 69 90 and the entries relating thereto, the following tariff item and entries shall be inserted, namely:—

"8536 70 00	- Connectors for optical fibres, optical fibre bundles or cables	kg.	16%";
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(xix) for heading 8542, sub-heading 8542 10, tariff items 8542 10 10 to 8542 21 00, sub-heading 8542 29, tariff items 8542 29 10 to 8542 90 00 and the entries relating thereto, the following heading, sub-heading, tariff items and entries shall be substituted, namely:—

"8542 ELECTRONIC INTEGRATED CIRCUITS			
	<i>- Electronic integrated circuits:</i>		
8542 31 00	-- Processors and controllers, whether or not combined with memories, converters, logic circuits amplifiers, clock and timing circuits, or other circuits	u	16%
8542 32 00	-- Memories	u	16%
8542 33 00	-- Amplifiers	u	16%
8542 39	-- Other :		
8542 39 10	--- SIM cards	u	16%
8542 39 20	--- Memory cards	u	16%
8542 39 90	--- Other	u	16%
8542 90 00	- Parts	Kg.	16%";

(xx) for heading 8543, tariff item 8543 11 00, sub-heading 8543 19, tariff items 8543 19 10 to 8543 19 90 and the entries relating thereto, the following heading, sub-heading, tariff items and entries shall be substituted, namely:—

"8543 ELECTRICAL MACHINES AND APPARATUS HAVING INDIVIDUAL FUNCTIONS, NOT SPECIFIED OR INCLUDED ELSEWHERE IN THIS CHAPTER			
8543 10	<i>- Particle accelerators:</i>		
8543 10 10	-- Ion implanters for doping semi conductor material	u	16%
8543 10 20	-- Vane graff, cock-croft, Walton accelerators	u	16%
8543 10 30	-- Synchrocyclotrons, synchrotrons	u	16%
8543 10 90	-- Other including cyclotrons	u	16%";

(xxi) in heading 8543, for tariff items 8543 40 00, 8543 81 00, sub-heading 8543 89, tariff items 8543 89 10 to 8543 89 99 and the entries relating thereto, the following sub-heading, tariff items and entries shall be substituted, namely:—

"8543 70 - Other machines and apparatus :			
8543 70 11	---- Proximity card and tags	u	16%
8543 70 12	---- Metal detector	u	16%
8543 70 13	---- Mine detector	u	16%
8543 70 19	---- Other	u	16%
<i>--- Audio special effect equipment:</i>			
8543 70 21	---- Digital reverberators	u	16%
8543 70 22	---- Mixing system or consoles	u	16%
8543 70 29	---- Other	u	16%

(1)	(2)	(3)	(4)
	-- <i>Video special effect equipments:</i>		
8543 70 31	--- Video mixing system of consoles	u	16%
8543 70 32	--- Video effect system	u	16%
8543 70 33	--- Digital layering machine	u	16%
8543 70 34	--- Paint box	u	16%
8543 70 35	--- Video typewriter	u	16%
8543 70 36	--- Video matting machine	u	16%
8543 70 39	--- Other	u	16%
	-- <i>Edit control Unit:</i>		
8543 70 41	--- Computerised editing system controlling more than three video editing machines	u	16%
8543 70 42	--- Other video control unit	u	16%
8543 70 49	--- Other	u	16%
8543 70 50	--- Colour corrector	u	16%
	-- <i>Amplifier:</i>		
8543 70 61	--- Broadcast amplifier	u	16%
8543 70 62	--- Limiting amplifier, video distribution amplifier and stabilizing amplifiers	u	16%
8543 70 69	--- Other	u	16%
	-- <i>Graphic equalizer and synthesized receivers:</i>		
8543 70 71	--- Graphic equalizer	u	16%
8543 70 72	--- Synthesised receivers	u	16%
	-- <i>Other :</i>		
8543 70 91	--- RF (radio frequency) power amplifier and noise generators for communication jamming equipment, static and mobile or man-portable	u	16%
8543 70 92	--- Equipment gadgets based on solar energy	u	16%
8543 70 93	--- Professional beauty care equipment	u	16%
8543 70 94	--- Audio visual stereo encoders	u	16%
8543 70 95	--- Time code generator	u	16%
8543 70 99	--- Other	u	16%";

(xxii) in heading 8544, for tariff item 8544 30 00, sub-heading 8544 41, tariff items 8544 41 11 to 8544 41 90, sub-heading 8544 49, tariff items 8544 49 11 to 8544 49 90, sub-heading 8544 51, tariff items 8544 51 10 to 8544 51 90, sub-heading 8544 59, tariff items 8544 59 10 to 8544 59 90 and the entries relating thereto, the following sub-headings, tariff items and entries shall be substituted, namely:—

"8544 30 00	- Ignition wiring sets and other wiring sets of a kind used in vehicles, aircraft or ships	kg.	16%
	- <i>Other electric conductors, for a voltage not exceeding 1,000 V:</i>		
8544 42	- <i>Fitted with connectors:</i>		
8544 42 10	--- Paper insulated	kg.	16%
8544 42 20	--- Plastic insulated	kg.	16%
8544 42 30	--- Rubber insulated	kg.	16%
8544 42 90	--- Other	kg.	16%
	- <i>Other electric conductors, for a voltage not exceeding 80 V :</i>		

(1)	(2)	(3)	(4)
8544 49	-- Other:		
	--- Telephone cables :		
8544 49 11	---- Dry core paper insulated	kg.	16%
8544 49 19	---- Other	kg.	16%
8544 49 20	--- Paper insulated	kg.	16%
8544 49 30	--- Plastic insulated	kg.	16%
8544 49 40	--- Rubber insulated	kg.	16%
8544 49 90	--- Other	kg.	16%";

(73) in Section XVII, in the Note 1, the figures "9501" shall be omitted;

(74) in Chapter 86, in heading 8606,—

(i) tariff item 8606 20 00 and the entries relating thereto shall be omitted;

(ii) in tariff item 8606 30 00, in the entry in column (2), the word and figures "or 8606 20" shall be omitted;

(75) in Chapter 87,—

(i) in Note 4, for the figures "9501", the figures "9503" shall be substituted;

(ii) in heading 8708, for tariff items 8708 29 00 to 8708 99 00 and the entries relating thereto, the following tariff items and entries shall be substituted, namely:—

"8708 29 00	- Other	kg.	16%
8708 30 00	- Brakes and servo-brakes; parts thereof	kg.	16%
8708 40 00	- Gear boxes and parts thereof	kg.	16%
8708 50 00	- Drive-axles with differential, whether or not provided with other transmission components, and non-driving axles; parts thereof	kg.	16%
8708 70 00	- Road wheels and parts and accessories thereof	kg.	16%
8708 80 00	- Suspension systems and parts thereof (including shock absorbers)	kg.	16%
	- Other parts and accessories:		
8708 91 00	- Radiators and parts thereof	kg.	16%
8708 92 00	- Silencers (mufflers) and exhaust pipes; parts thereof	kg.	16%
8708 93 00	- Clutches and parts thereof	kg.	16%
8708 94 00	- Steering wheels, steering columns and steering boxes; parts thereof	kg.	16%
8708 95 00	- Safety airbags with inflator system; parts thereof	kg.	16%
8708 99 00	- Other	kg.	16%";

(76) in Chapter 88, for heading 8801, tariff items 8801 10 00 to 8801 90 90 and the entries relating thereto, the following heading, sub-heading, tariff items and entries shall be substituted, namely:—

"8801 BALLOONS AND DIRIGIBLES;
GLIDERS, HANG GLIDERS AND
OTHER NON-POWERED AIRCRAFT

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(1)	(2)	(3)	(4)
8801 00	- Balloons and dirigibles; gliders, hang gliders and other non-powered aircraft:		
8801 00 10	— Gliders and hang gliders	u	Nil
8801 00 20	— Balloons	u	Nil
8801 00 90	— Other	u	Nil";

(77) in Chapter 90,—

(i) in Note 1,—

(a) in clause (a), for the brackets, word and figures "(heading 4204)", the brackets, word and figures "(heading 4205)" shall be substituted;

(b) in clause (g), for the words, figures and bracket "(of heading 8481)", the following words, figures and brackets shall be substituted, namely:—

"of heading 8481; machines and apparatus (including apparatus for the projection or drawing of circuits patterns on sensitised semiconductors materials) of heading 8486;"

(c) for clause (h), the following clause shall be substituted, namely:—

"(h) searchlights or spotlights of a kind used for cycles or motor vehicles (heading 8512); portable electric lamps of heading 8513; cinematographic sound recording, reproducing or re-recording apparatus (heading 8519); sound-heads (heading 8522); television cameras, digital cameras and video camera recorders (heading 8525); radar apparatus, radio navigational aid apparatus or radio remote control apparatus (heading 8526); connectors for optical fibres, optical fibre bundles or cable (heading 8536); numerical control apparatus of heading 8537; sealed beam lamp units of heading 8539; optical fibre cables of heading 8544;

(ii) in Note 2, in clause (a), for the figures "8485", the figures "8487" shall be substituted;

(iii) for Note 3, the following Note shall be substituted, namely:—

"3. The provisions of Notes 3 and 4 to Section XVI apply also to this Chapter.";

(iv) in heading 9006, tariff items 9006 20 00 and 9006 62 00 and the entries relating thereto shall be omitted;

(v) heading 9009, tariff items 9009 11 00 to 9009 99 00 and the entries relating thereto shall be omitted;

(vi) in heading 9010,—

(a) in the entry in column (2), the brackets and words "(including apparatus for the projection or drawing of circuit patterns on sensitised semiconductor materials)" shall be omitted;

(b) for tariff items 9010 10 00 to 9010 49 00 and the entries relating thereto, the following tariff item and entries shall be substituted, namely:—

"9010 10 00	- Apparatus and equipment for automatically developing photographic (including cinematographic) film or paper in rolls or for automatically exposing developed film to rolls of photographic paper	u	16%";
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(1)	(2)	(3)	(4)
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(vii) in heading 9027, tariff item 9027 40 00 and the entries relating thereto shall be omitted;

(viii) in heading 9030,—

(a) for tariff items 9030 20 00, 9030 31 00, sub-heading 9030 39, tariff items 9030 39 10 to 9030 39 90 and the entries relating thereto, the following sub-heading, tariff items and entries shall be substituted, namely:—

"9030 20 00	- Oscilloscopes and oscillographs	u	16%
	- Other instruments and apparatus, for measuring or Checking voltage, current, resistance or power:		
9030 31 00	-- Multimeters without a recording device	u	16%
9030 32 00	-- Multimeters with a recording device	u	16%
9030 33	-- Other, without a recording device:		
9030 33 10	-- Ammeters, volt meters and watt meters	u	16%
9030 33 20	-- Spectrum resistance meters	u	16%
9030 33 30	-- Capacitance meter	u	16%
9030 33 40	-- Frequency measuring apparatus	u	16%
9030 33 50	-- Megar meters	u	16%
9030 33 90	-- Other	u	16%
9030 39 00	-- Other, with a recording device	u	16%";

(b) in column (1), for tariff item "9030 83 00", the tariff item "9030 84 00" shall be substituted;

(ix) in heading 9031, tariff item 9031 30 00 and the entries relating thereto shall be omitted;

(78) in Chapter 91,—

(i) in heading 9101, tariff item 9101 12 00 and the entries relating thereto shall be omitted;

(ii) in heading 9106, tariff item 9106 20 00 and the entries relating thereto shall be omitted;

(79) in Chapter 92,—

(i) heading 9203, sub-heading 9203 00, tariff items 9203 00 10 and 9203 00 90 and the entries relating thereto shall be omitted;

(ii) heading 9204, tariff items 9204 10 00 and 9204 20 00 and the entries relating thereto shall be omitted;

(iii) in heading 9209, tariff items 9209 10 00, 9209 20 00 and 9209 93 00 and the entries relating thereto shall be omitted;

(80) in Chapter 93, in heading 9306, tariff item 9306 10 00 and the entries relating thereto shall be omitted;

(81) in Chapter 94,—

(i) in Note 3, for the brackets and letters "(a)" and "(b)", the brackets and letters "(A)" and "(B)" shall respectively be substituted;

(ii) in heading 9401, for tariff item 9401 50 00 and the entries relating thereto, the following tariff items and entries shall be substituted, namely:—

(1)	(2)	(3)	(4)
<i>"- Seats of cane, osier, bamboo or similar materials:</i>			
9401 51 00	- Of bamboo or rattan	u	16%
9401 59 00	- Other	u	16%";

(iii) in heading 9403, for sub-heading 9403 80, tariff items 9403 80 10 and 9403 80 90 and the entries relating thereto, the following tariff items and entries shall be substituted, namely:—

<i>"- Furniture of other materials, including cane, osier, bamboo or similar materials:</i>			
9403 81 00	- Of bambo or rattan	u	16%
9403 89 00	- Other	u	16%";

(82) in Chapter 95,—

(i) in Note 1,—

(a) for clause (a), the following clause shall be substituted, namely:—

"(a) Candles (heading 3406);";

(b) in clause (t), the word "or" occurring at the end shall be omitted;

(c) in clause (u), for the brackets and words "(classified according to the constituent material).", the brackets and words "(classified according to the constituent material); or" shall be substituted;

(d) after clause (u), the following clause shall be inserted, namely:—

"(v) tableware, kitchenware, toilet articles, carpets and other textile floor coverings, apparel, bed linen, table linen, toilet linen, kitchen linen and similar articles having a utilitarian function (classified according to their constituent material) .";

(ii) for Note 4, the following Notes shall be substituted, namely:—

"4. Subject to the provisions of Note 1, heading 9503 applies, *inter alia*, to articles of this heading combined with one or more items, which cannot be considered as sets under rule 3(b) of the General rules for the interpretation of this Schedule, and which, if presented separately, would be classified in other headings, provided the articles are put up together for retail sale and the combinations have essential character of toys.

5. Heading 9503 does not cover articles which, on account of their design, shape or constituent material, are identifiable as intended exclusively for animals, for example, "pet toys" (classification in their own appropriate heading).";

(iii) heading 9501, sub-heading 9501 00, tariff items 9501 00 10 and 9501 00 90 and the entries relating thereto shall be omitted;

(iv) heading 9502, sub-heading 9502 10 and tariff items 9502 10 10 to 9502 99 00 and the entries relating thereto shall be omitted;

(v) for heading 9503, tariff items 9503 10 00 to 9503 41 00, sub-heading 9503 49, tariff items 9503 49 10 to 9503 49 90, sub-heading 9503 50, tariff items 9503 50 10, 9503 50 90, sub-heading 9503 60,

(1)	(2)	(3)	(4)
tariff items 9503 60 10, 9503 60 90, sub-heading 9503 70, tariff items 9503 70 10, 9503 70 90, sub-heading 9503 80, tariff items 9503 80 10, 9503 80 90, sub-heading 9503 90, tariff items 9503 90 10 to 9503 90 90 and the entries relating thereto, the following heading, sub-heading, tariff items and entries shall be substituted, namely:—			
"9503	TRICYCLES, SCOOTERS, PEDAL CARS AND SIMILAR WHEELED TOYS; DOLLS' CARRIAGES; DOLLS; OTHER TOYS; REDUCED-SIZE ("SCALE") MODELS AND SIMILAR RECREATIONAL MODELS, WORKING OR NOT; PUZZLES OF ALL KINDS		
9503 00	- <i>Tricycles, scooters, pedal cars and similar wheeled toys; dolls'; other toys; reduced-size ("scale") models and similar recreational models, working or not; puzzles of all kinds:</i>		
9503 00 10	--- Of wood	u	16%
9503 00 20	--- Of metal	u	16%
9503 00 30	--- Of plastics	u	16%
9503 00 90	--- Other	u	16%";

(vi) in heading 9504,—

(a) for tariff item 9504 20 00 and the entries relating thereto, the following tariff item and entries shall be substituted, namely:—

"9504 20 00	- Articles and accessories for billiards of all kinds	u	16%";
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(b) for sub-heading 9504 30, tariff items 9504 30 10 to 9504 30 90 and the entries relating thereto, the following tariff items and entries shall be substituted, namely:—

"9504 30 00	- Other games, operated by coins, bank notes, bank cards, tokens or by other means of payment, other than bowling alley equipment	u	16%
9504 30 10	--- Carom board, with or without coins and strikers	u	16%
9504 30 90	--- Other	u	16%";

(83) in Chapter 96,—

(i) for heading 9614, tariff item 9614 20 00, sub-heading 9614 90, tariff items 9614 90 10 to 9614 90 90 and the entries relating thereto, the following tariff item and entries shall be substituted, namely:—

"9614 00 00	SMOKING PIPES (INCLUDING PIPE BOWLS) AND CIGAR OR CIGARETTE HOLDERS, AND PARTS THEREOF	u	16%".
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THE EIGHTH SCHEDULE

(See section 72)

In the First Schedule to the Additional Duties of Excise (Goods of Special Importance) Act,—

(1) Sub-heading 5208 53, tariff items 5208 53 10, 5208 53 20 and 5208 53 90 and the entries relating thereto shall be omitted;

(2) sub-heading 5210 12, tariff items 5210 12 10 and 5210 12 90 and the entries relating thereto shall be omitted;

(3) sub-heading 5210 22, tariff items 5210 22 11 to 5210 22 29 and the entries relating thereto shall be omitted;

(4) sub-heading 5210 42, tariff items 5210 42 10 to 5210 42 90 and the entries relating thereto shall be omitted;

(5) sub-heading 5210 52, tariff items 5210 52 10 to 5210 52 90 and the entries relating thereto shall be omitted;

(6) in heading 5211, for tariff item 5211 19 00, sub-heading 5211 21, tariff items 5211 21 10 to 5211 21 90, sub-heading 5211 22, tariff items 5211 22 10 to 5211 22 90, sub-heading 5211 29, tariff items 5211 29 10 to 5211 29 90 and the entries relating thereto, the following sub-heading, tariff items and entries shall be substituted, namely:—

Tariff Item	Description of goods	Unit	Rate of Additional Duty
(1)	(2)	(3)	(4)
"5211 19 00	— Other fabrics	m ²	8%
5211 20	— <i>Bleached:</i>		
5211 20 10	— Shirting fabrics	m ²	8%
5211 20 20	— Canvas (including duck)	m ²	8%
	of carded or combed yarn		
5211 20 30	— Flannelette	m ²	8%
5211 20 40	— Saree	m ²	8%
5211 20 50	— Crepe fabrics including	m ²	8%
5211 20 60	— Twill fabrics	m ²	8%
	— <i>Other:</i>		
5211 20 91	— Zari bordered sari	m ²	8%
5211 20 92	— Dedsuti, dosuti, ceretonnies and osamburge	m ²	8%
5211 20 99	— Other	m ²	8%";

(7) tariff items 5513 22 00, 5513 32 00, 5513 33 00, 5513 42 00, 5513 43 00 and the entries relating thereto shall be omitted;

(8) sub-heading 5514 13, tariff items 5514 13 10 and 5514 13 20 and the entries relating thereto shall be omitted;

(9) for tariff items 5514 29 00 to 5514 39 00 and the entries relating thereto, the following tariff items and entries shall be substituted, namely:—

OFFICIAL GAZETTE — GOVT. OF GOA
(SUPPLEMENT)

SERIES I No. 13

25TH JUNE, 2009

(1)	(2)	(3)	(4)
"5514 29 00 --	Other woven fabrics	m ²	8%
5514 30 -	Of yarns of different colours:		
5514 30 11 ---	Of polyester staple fibres, plain weave	m ²	8%
5514 30 12 ---	3-thread or 4- thread twill, including cross twill, of polyester, staple fibres	m ²	8%
5514 30 13 ---	Other woven fabrics of polyester staple fibres	m ²	8%
5514 30 19 ---	Other woven fabrics	m ²	8%";

(10) sub-heading 5515 92, tariff item 5515 92 10 to 5515 92 90 and the entries relating thereto shall be omitted;

(11) in heading 5803, for sub-heading 5803 10, tariff items 5803 10 10 to 5803 10 90, sub-heading 5803 90, tariff items, 5803 90 10 to 5803 90 90 and the entries relating thereto, the following sub-heading, tariff items and entries shall be substituted, namely:—

"5803 00 -	Gauze; other than narrow fabrics of heading 5806:		
---	Of cotton:		
5803 00 11 ---	Unbleached	m ²	8%
5803 00 12 ---	Bleached	m ²	8%
5803 00 13 ---	Piece dyed	m ²	8%
5803 00 14 ---	Yarn dyed	m ²	8%
5803 00 15 ---	Printed	m ²	8%
5803 00 19 ---	Other	m ²	8%
---	Of other textile materials :		
5803 00 91 ---	Of silk or silk waste	m ²	8%
5803 00 92 ---	Of synthetic fibre	m ²	8%
5803 00 93 ---	Of artificial fibre	m ²	8%
5803 00 99 ---	Other	m ²	8%".

THE NINTH SCHEDULE
(See section 74)

In the Schedule to the Additional Duties of Excise (Textiles and Textile Articles) Act, for S. No. 4 and the entry relating thereto, the following S. No. and entry shall be substituted, namely:—

S. No.	Description of Goods
"4.	Man-made filaments; strip and the like of man-made textile materials, that is to say, all goods falling within Chapter 54."

THE TENTH SCHEDULE
(See section 75)

In the Seventh Schedule to the Finance Act, 2001, for tariff items 5402 42 00 and 5402 43 00 and the entries relating thereto, the following tariff items and entries shall be substituted, namely:—

Tariff Item	Description of goods	Unit	Rate of duty
(1)	(2)	(3)	(4)
"5402 46 00 --	Other, of polyesters partially oriented	kg.	1%
5402 47 00 --	Other, of polyesters	kg.	1%".

Department of Law & Judiciary

Legal Affairs Division

Notification

10/2/2007-LA/243

The Finance Act, 2007 (Central Act No. 22 of 2007), which has been passed by Parliament and assented to by the President of India on 11-05-2007 and published in the Gazette of India, Extraordinary, Part II, Section 1, dated 12-05-2007, is hereby published for general information of the public.

Julio B. Noronha, Under Secretary (Law).

Porvorim, 13th November, 2007.

THE FINANCE ACT, 2007

Arrangement of sections

CHAPTER I

Preliminary

Sections

1. Short title and commencement.

CHAPTER II

Rates of Income-Tax

2. Income-Tax.

CHAPTER III

Direct Taxes

Income-Tax

3. Amendment of Section 2.
4. Amendment of Section 7.
5. Amendment of Section 9.
6. Amendment of Section 10.
7. Amendment of Section 10AA.
8. Amendment of Section 12A.
9. Amendment of Section 12AA.
10. Amendment of Section 13.
11. Amendment of Section 17.

Sections

12. Amendment of Section 35.
13. Amendment of Section 36.
14. Amendment of Section 40A.
15. Insertion of new Section 44DB.
16. Amendment of Section 47.
17. Amendment of Section 49.
18. Amendment of Section 54EC.
19. Amendment of Section 56.
20. Amendment of Section 72A.
21. Insertion of new Section 72AB.
22. Amendment of Section 80A.
23. Amendment of Section 80AC.
24. Amendment of Section 80C.
25. Amendment of Section 80CCD.
26. Amendment of Section 80D.
27. Amendment of Section 80E.
28. Amendment of Section 80-IA.
29. Amendment of Section 80-IB.
30. Amendment of Section 80-IC.
31. Insertion of new Section 80-ID.
32. Insertion of new section 80-IE.
33. Amendment of section 92CA.
34. Amendment of section 115JB.
35. Amendment of section 115-O.
36. Amendment of section 115R.
37. Amendment of *Explanation* to Chapter XII-E.
38. Amendment of section 115WB.
39. Amendment of section 115WC.
40. Amendment of section 115WJ.
41. Insertion of new section 115WKA.
42. Amendment of section 120.
43. Amendment of section 132B.
44. Amendment of section 139.
45. Insertion of new sections 139C and 139D.
46. Amendment of section 142.
47. Amendment of section 143.
48. Amendment of section 153.
49. Amendment of section 153B.
50. Insertion of new section 153D.
51. Amendment of section 172.
52. Amendment of section 193.
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56. Amendment of section 194-I.

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57. Amendment of section 194J.
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60. Amendment of section 206A.
61. Amendment of section 206C.
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64. Amendment of section 245D.
65. Amendment of section 245DD.
66. Amendment of section 245E.
67. Amendment of section 245F.
68. Amendment of section 245H.
69. Insertion of new sections 245HA and 245 HAA.
70. Substitution of new section for section 245K.
71. Amendment of section 246A.
72. Substitution of new section for section 248.
73. Amendment of section 249.
74. Amendment of section 253.
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76. Amendment of section 271.
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80. Amendment of section 296.
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82. Amendment of Fourth Schedule.

Wealth-tax

83. Amendment of section 2.
84. Amendment of section 22A.
85. Amendment of section 22C.
86. Amendment of section 22D.
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88. Amendment of section 22E.
89. Amendment of section 22F.
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INDIRECT TAXES

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95. Substitution of new section for section 14.
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Secondary and Higher Education Cess

136. Secondary and Higher Education Cess.
137. Definition.
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143. Amendment of First Schedule to Act 58 of 1957.
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THE FIRST SCHEDULE

THE SECOND SCHEDULE

THE THIRD SCHEDULE

THE FOURTH SCHEDULE

THE FIFTH SCHEDULE

THE SIXTH SCHEDULE

THE FINANCE ACT, 2007

AN

ACT

to give effect to the financial proposals of the Central Government for the financial year 2007 2008.

Be it enacted by Parliament in the Fifty-eighth Year of the Republic of India as follows:—

CHAPTER I

Preliminary

1. *Short title and commencement.*— (1) This Act may be called the Finance Act, 2007.

(2) Save as otherwise provided in this Act, sections 2 to 93 shall be deemed to have come into force on the 1st day of April, 2007.

CHAPTER II

Rates of Income-Tax

2. *Income-tax.*— (1) Subject to the provisions of sub-sections (2) and (3), for the assessment year commencing on the 1st day of April, 2007, income-tax shall be charged at the rates specified in Part I of the First Schedule and such tax as reduced by the rebate of income-tax

calculated under Chapter VIII-A of the Income-tax Act, 1961 (hereinafter referred to as the Income-tax Act) shall be increased by a surcharge for purposes of the Union calculated in each case in the manner provided therein.

(2) In the cases to which Paragraph A of Part I of the First Schedule applies, where the assessee has, in the previous year, any net agricultural income exceeding five thousand rupees, in addition to total income, and the total income exceeds one lakh rupees, then,—

(a) the net agricultural income shall be taken into account, in the manner provided in clause (b) [that is to say, as if the net agricultural income were comprised in the total income after the first one lakh rupees of the total income but without being liable to tax], only for the purpose of charging income-tax in respect of the total income; and

(b) the income-tax chargeable shall be calculated as follows:—

(i) the total income and the net agricultural income shall be aggregated and the amount of income-tax shall be determined in respect of the aggregate income at the rates specified in the said Paragraph A, as if such aggregate income were the total income;

(ii) the net agricultural income shall be increased by a sum of one lakh rupees, and the amount of income-tax shall be determined in respect of the net agricultural income as so increased at the rates specified in the said Paragraph A, as if the net agricultural income as so increased were the total income;

(iii) the amount of income-tax determined in accordance with sub-clause (i) shall be reduced by the amount of income-tax determined in accordance with sub-clause (ii) and the sum so arrived at shall be the income-tax in respect of the total income:

Provided that in the case of every woman, resident in India and below the age of sixty-five years at any time during the previous year, referred to in item (II) of Paragraph A of Part I of the First Schedule, the provisions of this sub-section shall have effect as if for the words "one lakh rupees", the words "one lakh thirty-five thousand rupees" had been substituted:

Provided further that in the case of every individual, being a resident in India, who is of the age of sixty-five years or more at any time during the previous year, referred to in item (iii) of Paragraph A of Part I of the First Schedule, the provisions of this sub-section shall have effect as if for the words "one lakh rupees", the words "one lakh eighty-five thousand rupees" had been substituted:

Provided also that the amount of income-tax so arrived at, as reduced by the amount of rebate of income-tax calculated under Chapter VIII-A of the Income-tax Act, shall be increased by a surcharge for purposes of the Union calculated in each case in the manner provided in that Paragraph and the sum so arrived at shall be the income-tax in respect of the total income.

(3) In cases to which the provisions of Chapter XII or Chapter XII-A or Chapter XII-H or section 115JB or sub-section (1A) of section 161 or section 164 or section 164A or section 167B of the Income-tax Act apply, the tax chargeable shall be determined as provided in that Chapter or that section, and with reference to the rates imposed by sub-section (1) or the rates as specified in that Chapter or section, as the case may be:

Provided that the amount of income-tax computed in accordance with the provisions of section 111A or section 112 shall be increased by a surcharge for purposes of the Union as provided in Paragraph A, B, C, D or E, as the case may be, of Part I of the First Schedule:

Provided further that in respect of any income chargeable to tax under sections 115A, 115AB, 115AC, 115ACA, 115AD, 115B, 115BB, 115BBA, 115BBC, 115E and 115JB or fringe benefits chargeable to tax under section 115WA of the Income-tax Act, the amount of income-tax computed under this sub-section shall be increased by a surcharge for purposes of the Union, calculated,—

(a) in the case of every individual, Hindu undivided family, association of persons and body of individuals, whether incorporated or not, at the rate of ten per cent. of such income-tax where the total income or fringe benefits, as the case may be, exceeds ten lakh rupees;

(b) in the case of every firm, artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, and domestic company at the rate of ten per cent. of such income-tax;

(c) in the case of every company, other than a domestic company, at the rate of two and one-half per cent. of such income-tax.

(4) In cases in which tax has to be charged and paid under section 115-O or sub-section (2) of section 115R of the Income-tax Act, the tax shall be charged and paid at the rate as specified in those sections and shall be increased by a surcharge for purposes of the Union, calculated at the rate of ten per cent. of such tax.

(5) In cases in which tax has to be deducted under sections 193, 194, 194A, 194B, 194BB, 194D and 195 of the Income-tax Act, at the rates in force, the deductions shall be made at the rates specified in Part II of the First Schedule and shall be increased, by a surcharge for purposes of the Union, calculated in each case, in the manner provided therein.

(6) In cases in which tax has to be deducted under sections 194C, 194E, 194EE, 194F, 194G, 194H, 194I, 194J, 194LA, 196B, 196C and 196D of the Income-tax Act, the deductions shall be made at the rates specified in those sections and shall be increased by a surcharge for purposes of the Union, calculated,—

(a) in the case of every individual, Hindu undivided family, association of persons and body of individuals, whether incorporated or not, at the rate of ten per cent. of such tax where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds ten lakh rupees;

(b) in the case of every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, at the rate of ten per cent. of such tax;

(c) in the case of every firm and domestic company, at the rate of ten per cent. of such tax where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees;

(d) in the case of every company, other than a domestic company, at the rate of two and one-half per cent. of such tax where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees.

(7) In cases in which tax has to be collected under the proviso to section 194B of the Income-tax Act, the collection shall be made at the rates specified in Part II of the First Schedule, and shall

be increased, by a surcharge for purposes of the Union calculated in the manner provided therein.

(8) In cases in which tax has to be collected under section 206C of the income-tax Act, the collection shall be made at the rates specified in that section and shall be increased by a surcharge for purposes of the Union, calculated,—

(a) in the case of every individual, Hindu undivided family, association of persons and body of individuals, whether incorporated or not, at the rate of ten per cent. of such tax where the amount or the aggregate of such amounts collected, and subject to the collection, exceeds ten lakh rupees;

(b) in the case of every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, at the rate of ten per cent. of such tax;

(c) in the case of every firm and domestic company at the rate of ten per cent. of such tax where the amount or the aggregate of such amounts collected, and subject to the collection, exceeds one crore rupees;

(d) in the case of every company, other than a domestic company, at the rate of two and one-half per cent. of such tax where the amount or the aggregate of such amounts collected, and subject to the collection, exceeds one crore rupees.

(9) Subject to the provisions of sub-section (10), in cases in which income-tax has to be charged under sub-section (4) of section 172 or sub-section (2) of section 174 or section 174A or section 175 or sub-section (2) of section 176 of the Income-tax Act or deducted from, or paid on, income chargeable under the head "Salaries" under section 192 of the said Act or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed at the rate or rates in force, such income-tax or, as the case may be, "advance tax" shall be so charged, deducted or computed at the rate or rates specified in Part III of the First Schedule and such tax as reduced by the rebate of income-tax calculated under Chapter VIII-A of the said Act shall be increased by a surcharge for purposes of the Union, calculated in each case in the manner provided therein:

Provided that in cases to which the provisions of Chapter XII or Chapter XII-A or Chapter XII-H

or section 115JB or sub-section (1A) of section 161 or section 164 or section 164A or section 167B of the Income-tax Act apply, "advance tax" shall be computed with reference to the rates imposed by this sub-section or the rates as specified in that Chapter or section, as the case may be:

Provided further that the amount of "advance tax" computed in accordance with the provisions of section 111A or section 112 of the Income-tax Act shall be increased by a surcharge for purposes of the Union as provided in Paragraph A, B, C, D or E, as the case may be, of Part III of the First Schedule:

Provided also that in respect of any income chargeable to tax under sections 115A, 115AB, 115AC, 115ACA, 115AD, 115B, 115BB, 115BBA, 115BBC, 115E and 115JB of the Income-tax Act, "advance tax" computed under the first proviso shall be increased by a surcharge for purposes of the Union, calculated,—

(a) in the case of every individual, Hindu undivided family, association of persons and body of individuals, whether incorporated or not, at the rate of ten per cent. of "advance tax" where the total income exceeds ten lakh rupees;

(b) in the case of every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, at the rate of ten per cent. of such "advance tax";

(c) in the case of every firm and domestic company, at the rate of ten per cent. of such "advance tax" where the total income exceeds one crore rupees;

(d) in the case of every company, other than a domestic company, at the rate of two and one-half per cent. of such "advance tax" where the total income exceeds one crore rupees:

Provided also that in the case of every company having total income chargeable to tax under section 115JB of the Income-tax Act, and such income exceeds one crore rupees, the total amount payable as "advance tax" and surcharge on such income shall not exceed the total amount payable as "advance tax" on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees:

Provided also that in respect of any fringe benefits chargeable to tax under section 115WA

of the Income-tax Act, "advance tax" computed under the first proviso shall be increased by a surcharge for purposes of the Union, calculated,—

(a) in the case of every association of persons and body of individuals, whether incorporated or not, at the rate of ten per cent. of "advance tax" where the fringe benefits exceed ten lakh rupees;

(b) in the case of every firm, artificial juridical person referred to in sub-clause (v) of clause (a) of section 115W of the Income-tax Act, and domestic company, at the rate of ten per cent. of such "advance tax";

(c) in the case of every company, other than a domestic company, at the rate of two and one-half per cent. of such "advance tax".

(10) In cases to which Paragraph A of Part III of the First Schedule applies, where the assessee has, in the previous year or, if by virtue of any provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than the previous year, in such other period, any net agricultural income exceeding five thousand rupees, in addition to total income and the total income exceeds one lakh ten thousand rupees, then, in charging income-tax under sub-section (2) of section 174 or section 174A or section 175 or sub-section (2) of section 176 of the said Act or in computing the "advance tax" payable under Chapter XVII-C of the said Act, at the rate or rates in force,—

(a) the net agricultural income shall be taken into account, in the manner provided in clause (b) [that is to say, as if the net agricultural income were comprised in the total income after the first one lakh ten thousand rupees of the total income but without being liable to tax], only for the purpose of charging or computing such income-tax or, as the case may be, "advance tax" in respect of the total income; and

(b) such income-tax or, as the case may be, "advance tax" shall be so charged or computed as follows:—

(i) the total income and the net agricultural income shall be aggregated and the amount of income-tax or "advance tax" shall be determined in respect of the aggregate income at the rates specified in the said

Paragraph A, as if such aggregate income were the total income;

(ii) the net agricultural income shall be increased by a sum of one lakh ten thousand rupees, and the amount of income-tax or "advance tax" shall be determined in respect of the net agricultural income as so increased at the rates specified in the said Paragraph A, as if the net agricultural income were the total income;

(iii) the amount of income-tax or "advance tax" determined in accordance with sub-clause (i) shall be reduced by the amount of income-tax or, as the case may be, "advance tax" determined in accordance with sub-clause (ii) and the sum so arrived at shall be the income-tax or, as the case may be, "advance tax" in respect of the total income:

Provided that in the case of every woman, resident in India and below the age of sixty-five years at any time during the previous year, referred to in item (II) of Paragraph A of Part III of the First Schedule, the provisions of this sub-section shall have effect as if for the words "one lakh ten thousand rupees", the words "one lakh forty-five thousand rupees" had been substituted:

Provided further that in the case of every individual, being a resident in India, who is of the age of sixty-five years or more at any time during the previous year, referred to in item (III) of Paragraph A of Part III of the First Schedule, the provisions of this sub-section shall have effect as if for the words "one lakh ten thousand rupees", the words "one lakh ninety-five thousand rupees" had been substituted:

Provided also that the amount of income-tax or "advance tax" so arrived at, as reduced by the rebate of income-tax calculated under Chapter VIII-A of the said Act, shall be increased by a surcharge for purposes of the Union calculated in each case, in the manner provided therein.

(II) The amount of income-tax as specified in sub-sections (1) to (10) and as increased by a surcharge for purposes of the Union calculated in the manner provided therein, shall be further increased by an additional surcharge for purposes of the Union, to be called the "Education Cess on income-tax", calculated at the rate of two per cent. of such income-tax and surcharge, so as to

fulfil the commitment of the Government to provide and finance universalized quality basic education.

(12) The amount of income-tax as specified in sub-sections (4) to (10) and as increased by a surcharge for purposes of the Union calculated in the manner provided therein, shall be also increased by an additional surcharge for purposes of the Union, to be called the "Secondary and Higher education Cess on income-tax", calculated at the rate of one per cent. of such income-tax and surcharge, so as to fulfil the commitment of the Government to provide and finance secondary and higher education.

(13) For the purposes of this section and the First Schedule,—

(a) "domestic company" means an Indian company or any other company which, in respect of its income liable to income-tax under the Income-tax Act for the assessment year commencing on the 1st day of April, 2007, has made the prescribed arrangements for the declaration and payment within India of the dividends (including dividends on preference shares) payable out of such income;

(b) "insurance commission" means any remuneration or reward, whether by way of commission or otherwise, for soliciting or procuring insurance business (including business relating to the continuance, renewal or revival of policies of insurance);

(c) "net agricultural income", in relation to a person, means the total amount of agricultural income, from whatever source derived, of that person computed in accordance with the rules contained in Part IV of the First Schedule;

(d) all other words and expressions used in this section and the First Schedule but not defined in this sub-section and defined in the Income-tax Act shall have the meanings respectively assigned to them in that Act.

CHAPTER III

Direct Taxes

Income-tax

3. Amendment of section 2.— In section 2 of the Income-tax Act,—

(a) after clause (1B), the following clauses shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 1994, namely:—

'(1C) "Additional Commissioner" means a person appointed to be an Additional Commissioner of Income-tax under sub-section (1) of section 117;

(1D) "Additional Director" means a person appointed to be an Additional Director of Income-tax under sub-section (1) of section 117;'

(b) in clause (7A),—

(i) after the words "any other provision of this Act, and the", the words "Additional Commissioner or" shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 1994;

(ii) after the words "Additional Commissioner or", as so inserted, the words "Additional Director or", shall be inserted and shall be deemed to have been inserted with effect from the 1st day of October, 1996;

(c) after clause (9A), the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1988, namely:—

'(9B) "Assistant Director" means a person appointed to be an Assistant Director of Income-tax under sub-section (1) of section 117;'

(d) in clause (14), for sub-clause (ii), the following shall be substituted with effect from the 1st day of April, 2008, namely:—

'(ii) personal effects, that is to say, movable property (including wearing apparel and furniture) held for personal use by the assessee or any member of his family dependent on him, but excludes—

- (a) jewellery;
- (b) archaeological collections;
- (c) drawings;
- (d) paintings;
- (e) sculptures; or
- (f) any work of art.

Explanation.— For the purposes of this sub-clause, "jewellery" includes—

(a) ornaments made of gold, silver, platinum or any other precious metal or any alloy containing one or more of such precious metals, whether or not containing any precious or semi-precious stone, and whether or not worked or sewn into any wearing apparel;

(b) precious or semi-precious stones, whether or not set in any furniture, utensil or other article or worked or sewn into any wearing apparel;

(e) in clause (24), after sub-clause (xiii), the following sub-clause shall be inserted, namely:—

"(xiv) any sum referred to in clause (vi) of sub-section (2) of section 56;"

(f) for clause (25A), the following clause shall be substituted and shall be deemed to have been substituted with effect from the 25th day of August, 1976, namely:—

"(25A) "India" means the territory of India as referred to in article 1 of the Constitution, its territorial waters, seabed and subsoil underlying such waters, continental shelf, exclusive economic zone or any other maritime zone as referred to in the Territorial Waters, Continental Shelf, Exclusive Economic Zone and Other Maritime Zones Act, 1976, and the air space 80 of 1976, above its territory and territorial waters;"

(g) in clause (42A), with effect from the 1st day of April, 2008,—

(i) in *Explanation* 1, in clause (i), after sub-clause (ha), insert—

"(hb) in the case of a capital asset, being any specified security or sweat equity shares allotted or transferred, directly or indirectly, by the employer free of cost or at concessional rate to his employees (including former employee or employees), the period shall be reckoned from the date of allotment or transfer of such specified security or sweat equity shares;"

(ii) after *Explanation* 2, insert—

Explanation 3.— For the purposes of this clause, the expressions "specified security" and "sweat equity shares" shall have the meanings respectively assigned to them in the *Explanation* to clause (d) of sub-section (1) of section 115WB;

4. *Amendment of section 7.*— In section 7 of the Income-tax Act, in clause (iii), for the words "Central Government", the words "Central Government or any other employer" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 2004.

5. *Amendment of section 9.*— In section 9 of the Income-tax Act, after sub-section (2), the following *Explanation* shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 1976, namely:—

"*Explanation.*— For the removal of doubts, it is hereby declared that for the purposes of this section, where income is deemed to accrue or arise in India under clauses (v), (vi) and (vii) of sub-section (1), such income shall be included in the total income of the non-resident, whether or not the non-resident has a residence or place of business or business connection in India."

6. *Amendment of section 10.*— In section 10 of the Income-tax Act,—

(a) after clause (10BB), the following shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2005, namely:—

"(10BC) any amount received or receivable from the Central Government or a State Government or a local authority by an individual or his legal heir by way of compensation on account of any disaster, except the amount received or receivable to the extent such individual or his legal heir has been allowed a deduction under this Act on account of any loss or damage caused by such disaster.

Explanation.— For the purposes of this clause, the expression "disaster" shall have the meaning assigned to it under clause (d) of section 2 of the Disaster Management Act, 2005;" 53 of 2005.

(b) in clause (15),—

(A) in sub-clause (iv), in item (fa), for the *Explanation*, the following *Explanation* shall be substituted, namely:—

Explanation.— For the purposes of this item, the expression "scheduled bank" means the State Bank of India constituted under the State Bank of India Act, 1955, a subsidiary bank as 23 of 1955, defined in the State Bank of India (Subsidiary Banks) Act, 1959, a 38 of 1959, corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, or under 5 of 1970, section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980, or any other 40 of 1980, bank being a bank included in the Second Schedule to the Reserve Bank of India Act, 1934, but does not include 2 of 1934, a co-operative bank;";

(B) for sub-clause (vii), the following shall be substituted with effect from the 1st day of April, 2008, namely:—

(vii) interest on bonds—

(a) issued by a local authority or by a State Pooled Finance Entity; and

(b) specified by the Central Government by notification in the Official Gazette.

Explanation.— For the purposes of this sub-clause, the expression "State pooled Finance Entity" shall mean such entity which is set up in accordance with the guidelines for the pooled Finance Development Scheme notified by the Central Government in the Ministry of Urban Development;";

(c) in clause (23BBD), for the words, figures and letters "seven previous years relevant to the assessment years beginning on the 1st day of April, 2001 and ending on the 31st day of March, 2008", the words, figures and letters "ten previous years relevant to the assessment years beginning on the 1st day of April, 2001 and ending on the 31st day of March, 2011" shall be substituted with effect from the 1st day of April, 2008;

(d) after clause (23BBF), the following clause shall be inserted with effect from the 1st day of April, 2008, namely:—

"(23BBG) any income of the Central Electricity Regulatory Commission

constituted under sub-section (1) of section 76 of the Electricity Act, 2003;"; 36 of 2003.

(e) in clause (23C), with effect from the 1st day of June, 2007,—

(A) in sub-clause (iv), for the words "which may be notified by the Central Government in the Official Gazette", the words "which may be approved by the prescribed authority" shall be substituted;

(B) in sub-clause (v), for the words "which may be notified by the Central Government in the Official Gazette", the words "which may be approved by the prescribed authority" shall be substituted;

(c) for the second proviso, the following proviso shall be substituted, namely:—

"Provided further that the prescribed authority, before approving any fund or trust or institution or any university or other educational institution or any hospital or other medical institution, under sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via), may call for such documents (including audited annual accounts) or information from the fund or trust or institution or any university or other educational institution or any hospital or other medical institution, as the case may be, as it thinks necessary in order to satisfy itself about the genuineness of the activities of the such fund or trust or institution or any university or other educational institution or any hospital or other medical institution, as the case may be, and the prescribed authority may also make such inquiries as it deems necessary in this behalf.";

(D) in the ninth proviso, for the words, brackets, figures and letter "every notification under sub-clause (iv) or sub-clause (v) shall be issued or approval under sub-clause (vi) or sub-clause (via)", the words, brackets, figures and letter "every notification under sub-clause (iv) or sub-clause (v) shall be issued or approval under sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via)" shall be substituted;

(E) in the thirteenth proviso, after the words "Central Government", the words "or is approved by the prescribed authority, as the case may be," shall be inserted;

(F) after the fifteenth proviso, the following proviso shall be inserted, namely:—

"Provided also that all pending applications, on which no notification has been issued under sub-clause (iv) or sub-clause (v) before the 1st day of June, 2007, shall stand transferred on that day to the prescribed authority and the prescribed authority may proceed with such applications under those sub-clauses from the stage at which they were on that day;"

(f) after clause (23EB), the following shall be inserted with effect from the 1st day of April, 2008, namely:—

'(23EC) any income, by way of contributions received from commodity exchanges and the members thereof, of such Investor Protection Fund set up by commodity exchanges in India, either jointly or separately, as the Central Government may, by notification in the Official Gazette, specify in this behalf:

Provided that where any amount standing to the credit of the said Fund and not charged to income-tax during any previous year is shared, either wholly or in part, with a commodity exchange, the whole of the amount so shared shall deemed to be the income of the previous year in which such amount is so shared and shall accordingly be chargeable to income-tax.

Explanation.— For the purposes of this clause, "commodity exchange" shall mean a "registered association" as defined in clause (jj) of section 2 of the Forward Contracts (Regulation) Act, 1952;" 74 of 1952.

(g) in clause (23FB), with effect from the 1st day of April, 2008,—

(i) for the words "set up to raise funds for investment", the words "from investment" shall be substituted;

(ii) in *Explanation* 1, for clause (c), the following clause shall be substituted, namely:—

'(c) "venture capital undertaking" means such domestic company whose shares are not listed in a recognised stock exchange in India and which is engaged in the—

(i) business of—

(A) nanotechnology;

(B) information technology relating to hardware and software development;

(C) seed research and development;

(D) bio-technology;

(E) research and development of new chemical entities in the pharmaceutical sector;

(F) production of bio-fuels;

(G) building and operating composite hotel-cum-convention centre with seating capacity of more than three thousand; or

(H) developing or operating and maintaining or developing, operating and maintaining any infrastructure facility as defined in the *Explanation* to clause (i) of sub-section (4) of section 80-IA; or

(ii) dairy or poultry industry;'

7. *Amendment of section 10AA.*— In section 10AA of the Income-tax Act, for sub-section (4), the following sub-section shall be substituted and shall be deemed to have been substituted with effect from the 10th day of February, 2006, namely:—

"(4) This section applies to any undertaking, being the Unit, which fulfils all the following conditions, namely:—

(i) it has begun or begins to manufacture or produce articles or things or provide services during the previous year relevant to the assessment year commencing on or after the 1st day of April, 2006 in any Special Economic Zone;

(ii) it is not formed by the splitting up, or the reconstruction, of a business already in existence:

Provided that this condition shall not apply in respect of any undertaking, being the Unit, which is formed as a result of the re-establishment, reconstruction or revival by the assessee of the business of any such undertaking as is referred to in section 33B, in the circumstances and within the period specified in that section;

(iii) it is not formed by the transfer to a new business, of machinery or plant previously used for any purpose.

Explanation.—The provisions of *Explanations* 1 and 2 to sub-section (3) of section 80-IA shall apply for the purposes of clause (iii) of this sub-section as they apply for the purposes of clause (ii) of that sub-section."

8. *Amendment of section 12A.*— In section 12A of the Income-tax Act, with effect from the 1st day of June, 2007,—

(a) for the marginal heading, the following marginal heading shall be substituted, namely:—

"Conditions for applicability of sections 11 and 12.";

(b) the existing section 12A shall be renumbered as sub-section (1) thereof, and in sub-section (1) as so renumbered,—

(i) in clause (a), after the proviso, the following proviso shall be inserted, namely:—

"Provided further that the provisions of this clause shall not apply in relation to any application made on or after the 1st day of June, 2007;"

(ii) after clause (a), the following clause shall be inserted, namely:—

"(aa) the person in receipt of the income has made an application for registration of the trust or institution on or after the 1st day of June, 2007 in the prescribed form and manner to the Commissioner and such trust or institution is registered under section 12AA;"

(c) after sub-section (1) as so renumbered, the following sub-section shall be inserted, namely:—

"(2) Where an application has been made on or after the 1st day of June, 2007, the provisions of sections 11 and 12 shall apply in relation to the income of such trust or institution from the assessment year immediately following the financial year in which such application is made."

9. *Amendment of section 12AA.*— In section 12AA of the Income-tax Act, with effect from the 1st day of June, 2007,—

(a) in sub-section (1), after the word, brackets and letter "clause (a)", the words, brackets, letters and figure "or clause (aa) of sub-section (1)" shall be inserted;

(b) in sub-section (2), after the word, brackets and letter "clause (a)", the words, brackets, letters and figure "or clause (aa) of sub-section (1)" shall be inserted.

10. *Amendment of section 13.*— In section 13 of the Income-tax Act, in sub-section (1), in clause (d), for sub-clause (iii), the following sub-clause shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1999, namely:—

"(iii) any shares in a company, other than—

(A) shares in a public sector company;

(B) shares prescribed as a form or mode of investment under clause (xii) of sub-section (5) of section 11,

are held by the trust or institution after the 30th day of November, 1983."

11. *Amendment of section 17.*— In section 17 of the Income-tax Act,—

(a) in clause (1), in sub-clause (viii), for the words "Central Government", the words "Central Government or any other employer" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 2004;

(b) in clause (2),—

(A) after sub-clause (ii),—

(i) the following *Explanations* shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2002, namely:—

'*Explanation 1.*— For the purposes of this sub-clause, concession in the matter of rent shall be deemed to have been provided if,—

(a) in a case where an unfurnished accommodation is provided by any employer

other than the Central Government or any State Government and—

(i) the accommodation is owned by the employer, the value of the accommodation determined at the rate of ten per cent. of salary in cities having population exceeding four lakhs as per 1991 census and seven and one-half per cent. of salary in other cities, in respect of the period during which the said accommodation was occupied by the assessee during the previous year, exceeds the rent recoverable from, or payable by the assessee;

(ii) the accommodation is taken on lease or rent by the employer, the value of the accommodation being the actual amount of lease rental paid or payable by the employer or ten per cent. of salary, whichever is lower, in respect of the period during which the said accommodation was occupied by the assessee during the previous year, exceeds the rent recoverable from, or payable by, the assessee;

(b) in a case where a furnished accommodation is provided by the Central Government or any State Government, the licence fee determined by the Central Government or any State Government in respect of the accommodation in accordance with the rules framed by such Government as increased by the value of furniture and fixtures in respect of the period during which the said accommodation was occupied by the assessee during the previous year, exceeds the aggregate of the rent recoverable from, or payable by, the assessee and any charges paid or payable for the furniture and fixtures by the assessee;

(c) in a case where a furnished accommodation is provided by an employer other than the Central Government or any State Government and—

(i) the accommodation is owned by the employer, the value of the accommodation determined under sub-clause (i) of clause (a) as increased by the value of the furniture and fixtures in respect of the period during which the said accommodation was occupied by the assessee during the previous year, exceeds the rent recoverable from, or payable by, the assessee;

(ii) the accommodation is taken lease or rent by the employer, the value of the accommodation determined under sub-clause

(ii) of clause (a) as increased by the value of the furniture and fixtures in respect of the period during which the said accommodation was occupied by the assessee during the previous year, exceeds the rent recoverable from, or payable by, the assessee;

(d) in a case where the accommodation is provided by the employer in a hotel (except where the assessee is provided such accommodation for a period not exceeding in aggregate fifteen days on his transfer from one place to another), the value of the accommodation determined at the rate of twenty-four per cent. of salary paid or payable for the previous year or the actual charges paid or payable to such hotel, whichever is lower, for the period during which such accommodation is provided, exceeds the rent recoverable from, or payable by, the assessee.

Explanation 2.— For the purposes of this sub-clause, value of furniture and fixtures shall be ten per cent. per annum of the cost of furniture (including television sets, radio sets, refrigerators, other household appliances, airconditioning plant or equipment or other similar appliances or gadgets) or if such furniture is hired from a third party, the actual hire charges payable for the same as reduced by any charges paid or payable for the same by the assessee during the previous year.

Explanation 3.— For the purposes of this sub-clause, "salary" includes the pay, allowances, bonus or commission payable monthly or otherwise or any monetary payment, by whatever name called, from one or more employers, as the case may be, but does not include the following, namely:—

(a) dearness allowance or dearness pay unless it enters into the computation of superannuation or retirement benefits of the employee concerned;

(b) employer's contribution to the provident fund account of the employee;

(c) allowances which are exempted from the payment of tax;

(d) value of the perquisites specified in this clause;

(e) any payment or expenditure specifically excluded under the proviso to this clause.;

(ii) in *Explanation 1* as so inserted, for clause (a), the following clause shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 2006, namely:—

"(a) in a case where an unfurnished accommodation is provided by any employer other than the Central Government or any State Government and—

(i) the accommodation is owned by the employer, the value of the accommodation determined at the specified rate in respect of the period during which the said accommodation, was occupied by the assessee during the previous year, exceeds the rent recoverable from, or payable by, the assessee;

(ii) the accommodation is taken on lease or rent by the employer, the value of the accommodation being the actual amount of lease rental paid or payable by the employer or fifteen per cent. of salary, whichever is lower, in respect of the period during which the said accommodation was occupied by the assessee during the previous year, exceeds the rent recoverable from, or payable by, the assessee;"

(iii) after *Explanation 3* as so inserted, the following *Explanation* shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2006, namely:—

'Explanation 4.—For the purposes of this sub-clause, "specified rate" shall be—

(i) fifteen per cent. of salary in cities having population exceeding twenty-five lakhs as per 2001 census;

(ii) ten per cent. of salary in cities having population exceeding ten lakhs but not exceeding twenty-five lakhs as per 2001 census; and

(iii) seven and one-half per cent. of salary in any other place.;"

(B) in sub-clause (iii), the proviso shall be omitted with effect from the 1st day of April, 2008,

12. *Amendment of section 35.*— In section 35 of the Income-tax Act, in sub-section (2AB), in clause (5), for the figures, letters and words "31st day of March, 2007", the figures, letters and words "31st day of March, 2012" shall be

substituted with effect from the 1st day of April, 2008.

13. *Amendment of section 36.*— In section 36, of the Income-tax Act, in sub-section (1),—

(A) in clause (ib), for the words "paid by cheque", the words "paid by any mode of payment other than cash" shall be substituted with effect from the 1st day of April, 2008;

(B) in clause (viiia),—

(a) in sub-clause (a), after the words "or a non-scheduled bank", the words "or an co-operative bank other than a primary agricultural credit society or a primary co-operative agricultural and rural development bank" shall be inserted;

(b) in the *Explanation*,—

(i) in clause (ii) at the end, the words ",but does not included a co-operative bank" shall be omitted;

(ii) after clause (v), the following clause shall be inserted, namely:—

'(vi) "co-operative bank", "primary agricultural credit society" and "primary co-operative agricultural and rural development bank" shall have the meanings respectively assigned to them in the *Explanation* to sub-section (4) of section 80P;"

(C) for clause (viii), the following shall be substituted with effect from the 1st day of April, 2008, namely:—

'(viii) in respect of any special reserve created and maintained by a specified entity, an amount not exceeding twenty per cent. of the profits derived from eligible business computed under the head "Profits and gains of business or profession" (before making any deduction under this clause) carried to such reserve account:

Provided that where the aggregate of the amounts carried to such reserve account from time to time exceeds twice the amount of the paid up share capital and of the general reserves of the specified entity, no allowance under this clause shall be made in respect of such excess.

Explanation.— In this clause,—

(a) "specified entity" means,—

(i) a financial corporation specified in section 4A of the Companies Act, 1956; 1 of 1956.

(ii) a financial corporation which is a public sector company;

(iii) a banking company;

(iv) a co-operative bank other than a primary agricultural credit society or a primary co-operative agricultural and rural development bank;

(v) a housing finance company; and

(vi) any other financial corporation including a public company;

(b) "eligible business" means,—

(i) in respect of the specified entity referred to in sub-clause (i) or sub-clause (ii) or sub-clause (iii) or sub-clause (iv) of clause (a), the business of providing long-term finance for industrial or agricultural development or development of infrastructure facility in India or construction or purchase of houses in India for residential purposes;

(ii) in respect of the specified entity referred to in sub-clause (v) of clause (a), the business of providing long-term finance for the construction or purchase of houses in India for residential purposes; and

(iii) in respect of the specified entity referred to in sub-clause (vi) of clause (a), the business of providing long-term finance for development of infrastructure facility in India;

(c) "banking company" means a company to which the Banking Regulation Act, 1949 applies and 10 of 1949. includes any bank or banking institution referred to in section 51 of that Act;

(d) "co-operative bank", "primary agricultural credit society" and "primary co-operative agricultural and rural development bank" shall have the meanings respectively assigned to them in the *Explanation* to sub-section (4) of section 80p; 1642

(e) "housing finance company" means a public company formed or registered in India with the main object of carrying on the business of providing long-term finance for construction or purchase of houses in India for residential purposes;

(f) "public company" shall have the meaning assigned to it in section 3 of the Companies Act, 1956; 1 of 1956.

(g) "infrastructure facility" means—

(i) an infrastructure facility as defined in the *Explanation* to clause (i) of sub-section (4) of section 80-IA, or any other public facility of a similar nature as may be notified by the Board in this behalf in the Official Gazette and which fulfils the conditions as may be prescribed;

(ii) an undertaking referred to in clause (ii) or clause (iii) or clause (iv) or clause (vi) of sub-section (4) of section 80-IA; and

(iii) an undertaking referred to in sub-section (10) of section 80-IB;

(h) "long-term finance" means any loan or advance where the terms under which moneys are loaned or advanced provide for repayment along with interest thereof during a period of not less than five years;";

(D) clause (x) shall be omitted with effect from the 1st day of April, 2008;

(E) for clause (xii), the following clause shall be substituted with effect from the 1st day of April, 2008, namely:—

"(xii) any expenditure (not being in the nature of capital expenditure) incurred by a corporation or a body corporate, by whatever name called, if,—

(a) it is constituted or established by a Central, State or Provincial Act;

(b) such corporation or body corporate, having regard to the objects and purposes of the Act referred to in sub-clause (a), is notified by the Central Government in the Official Gazette for the purposes of this clause; and

(c) the expenditure is incurred for the objects and purposes authorised by the Act

under which it is constituted or established;";

(F) after clause (xiii), the following clause shall be inserted with effect from the 1st day of April, 2008, namely:—

'(xiv) any sum paid by a public financial institution by way of contribution to such credit guarantee fund trust for small industries as the Central Government may, by notification in the Official Gazette, specify in this behalf.

Explanation.— For the purposes of this clause, "public financial institution" shall have the meaning assigned to it in section 4A of the Companies Act, 1956;'. 1 of 1956.

14. *Amendment of section 40A.*— In section 40A of the Income-tax Act, for sub-section (3), the following shall be substituted with effect from the 1st day of April, 2008, namely:—

"(3) (a) Where the assessee incurs any expenditure in respect of which payment is made in a sum exceeding twenty thousand rupees otherwise than by an account payee cheque drawn on a bank or account payee bank draft, no deduction shall be allowed in respect of such expenditure;

(b) where an allowance has been made in the assessment for any year in respect of any liability incurred by the assessee for any expenditure and subsequently during any previous year (hereinafter referred to as subsequent year) the assessee makes payment in respect thereof, otherwise than by an account payee cheque drawn on a bank or account payee bank draft, the payment so made shall be deemed to be the profits and gains of business or profession and accordingly chargeable to income-tax as income of the subsequent year if the amount of payment exceeds twenty thousand rupees:

Provided that no disallowance shall be made and no payment shall be deemed to be the profits and gains of business or profession under this sub-section where any payment in a sum exceeding twenty thousand rupees is made otherwise than by an account payee cheque drawn on a bank or account payee bank draft, in such cases and under such circumstances as may be prescribed, having regard to the nature and

extent of banking facilities available, considerations of business expediency and other relevant factors."

15. *Insertion of new section 44DB.*— After section 44DA of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2008, namely:—

'44DB. *Special provision for computing deductions in the case of business reorganization of co-operative banks.*— (1) The deduction under section 32, section 35D, section 35DD or section 35DDA shall, in a case where business reorganisation of a co-operative bank has taken place during the financial year, be allowed in accordance with the provisions of this section.

(2) the amount of deduction allowable to the predecessor co-operative bank under section 32, section 35D, section 35DD or section 35DDA shall be determined in accordance with the formula—

$$\frac{A \times B}{C}$$

where A = the amount of deduction allowable to the predecessor co-operative bank if the business reorganisation had not taken place;

B = the number of days comprised in the period beginning with the 1st day of the financial year and ending on the day immediately preceding the date of business reorganisation; and

C = the total number of days in the financial year in which the business reorganisation has taken place.

(3) The amount of deduction allowable to the successor co-operative bank under section 32, section 35D, section 35DD or section 35DDA shall be determined in accordance with the formula—

$$\frac{A \times B}{C}$$

where A = the amount of deduction allowable to the predecessor co-operative bank if the business reorganisation had not taken place;

B = the number of days comprised in the period beginning with the date of business reorganisation and ending on the last day of the financial year; and

C = the total number of days in the financial year in which the business reorganisation has taken place.

(4) The provisions of section 35D, section 35DD or section 35DDA shall, in a case where an undertaking of the predecessor co-operative bank entitled to the deduction under the said section is transferred before the expiry of the period specified therein to a successor co-operative bank on account of business reorganisations, apply to the successor co-operative bank in the financial years subsequent to the year of business reorganisation as they would have applied to the predecessor co-operative bank, as if the business reorganisation had not taken place.

(5) For the purposes of this section,—

(a) "amalgamated co-operative bank" means—

(i) a co-operative bank with which one or more amalgamating co-operative banks merge; or

(ii) a co-operative bank formed as a result of merger of two or more amalgamating co-operative banks;

(b) "amalgamating co-operative bank" means—

(i) a co-operative bank which merges with another co-operative bank; or

(ii) every co-operative bank merging to form a new co-operative bank;

(c) "amalgamation" means the merger of an amalgamating co-operative bank or banks with an amalgamated co-operative bank, in such manner that—

(i) all the assets and liabilities of the amalgamating co-operative bank or banks immediately before the merger (other than the assets transferred, by sale or distribution on winding up, to the amalgamated co-operative bank) become the assets and liabilities of the amalgamated co-operative bank;

(ii) the members holding seventy-five per cent. or more voting rights in the amalgamating co-operative bank become members of the amalgamated co-operative bank; and

(iii) the shareholders holding seventy-five per cent. or more in value of the shares in the amalgamating co-operative bank (other than the shares held by the amalgamated

co-operative bank or its nominee or its subsidiary, immediately before the merger) become shareholders of the amalgamated co-operative bank;

(d) "business reorganisation" means the reorganisation of business involving the amalgamation or demerger of a co-operative bank;

(e) "co-operative bank" shall have the meaning assigned to it in clause (cci) of section 5 of the Banking Regulation Act, 1949; 10 of 1949.

(f) "demerger" means the transfer by a demerged co-operative bank of one or more of its undertakings to any resulting co-operative bank, in such manner that—

(i) all the assets and liabilities of the undertaking or undertakings immediately before the transfer become the assets and liabilities of the resulting co-operative bank;

(ii) the assets and the liabilities are transferred to the resulting co-operative bank at values (other than change in the value of assets consequent to their revaluation) appearing in its books of account immediately before the transfer;

(iii) the resulting co-operative bank issues, in consideration of the transfer, its membership to the members of the demerged co-operative bank on a proportionate basis;

(iv) the shareholders holding seventy-five per cent. or more in value of the shares in the demerged co-operative bank (other than shares already held by the resulting bank or its nominee or its subsidiary immediately before the transfer), become shareholders of the resulting co-operative bank, otherwise than as a result of the acquisition of the assets of the demerged co-operative bank or any undertaking thereof by the resulting co-operative bank;

(v) the transfer of the undertaking is on a going concern basis; and

(vi) the transfer is in accordance with the conditions specified by the Central Government, by notification in the Official

Gazette, having regard to the necessity to ensure that the transfer is for genuine business purposes;

(g) "demerged co-operative bank" means the co-operative bank whose undertaking is transferred, pursuant to a demerger, to a resulting bank;

(h) "predecessor co-operative bank" means the amalgamating co-operative bank or the demerged co-operative bank, as the case may be;

(i) "successor co-operative bank" means the amalgamated co-operative bank or the resulting bank, as case may be;

(j) "resulting co-operative bank" means—

(i) one or more co-operative banks to which the undertaking of the demerged co-operative bank is transferred in a demerger; or

(ii) any co-operative bank formed as a result of demerger.

16. *Amendment of section 47.*— In section 47 of the Income-tax Act, after clause (vic), the following shall be inserted with effect from the 1st day of April, 2008, namely:—

'(vica) any transfer in a business reorganisation, of a capital asset by the predecessor co-operative bank to the successor co-operative bank;

(vicb) any transfer by a shareholder, in a business re-organisation, of a capital asset being a share or shares held by him in the predecessor co-operative bank if the transfer is made in consideration of the allotment to him of any share or shares in the successor co-operative bank.

Explanation.— For the purposes of clauses (vica) and (vicb), the expressions "business re-organisation", "predecessor co-operative bank" and "successor co-operative bank" shall have the meanings respectively assigned to them in section 44DB;.

17. *Amendment of section 49.*— In section 49 of the Income-tax Act, with effect from the 1st day of April, 2008,—

(i) in sub-section (1), in clause (iii), in sub-clause (e), for the word, brackets, figures and

letters "clause (viaa)", the words, brackets, figures and letters "clause (viaa) or clause (vica) or clause (vicb)" shall be substituted;

(ii) after sub-section (2AA), the following sub-section shall be inserted, namely:—

"(2AB) Where the capital gain arises from the transfer of specified security or sweat equity shares, the cost of acquisition of such security or shares shall be the fair market value which has been taken into account while computing the value of fringe benefits under clause (ba) of sub-section (1) of section 115WC.";

(iii) after sub-section (2D), and before the *Explanation*, the following sub-section shall be inserted, namely:—

"(2E) The provisions of sub-section (2), sub-section (2C) and sub-section (2D) shall, as far as may be, also apply in relation to business re-organisation of a co-operative bank as referred to in section 44DB."

18. *Amendment of section 54EC.*— In section 54EC of the Income-tax Act,—

(a) in sub-section (1), the following proviso shall be inserted, namely:—

"Provided that the investment made on or after the 1st day of April, 2007 in the long-term specified asset by an assessee during any financial year does not exceed fifty lakh rupees.";

(b) after sub-section (3) in the *Explanation*,—

(i) for clause (b), the following clause shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 2006, namely:—

'(b) "long-term specified asset" for making any investment under this section during the period commencing from the 1st day of April, 2006 and ending with the 31st day of March, 2007, means any bond, redeemable after three years and issued on or after the 1st day of April, 2006, but on or before the 31st day of March, 2007,—

(i) by the National Highways of India constituted under section 3 of the National Highways Authority of India Act, 1988; or

(ii) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, 1 of 1956.

and notified by the Central Government in the Official Gazette for the purposes of this section with such conditions (including the condition for providing a limit on the amount of investment by an assessee in such bond) as it thinks fit;

(ii) in clause (b) as so substituted, the following proviso shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2006, namely:—

"Provided that where any bond has been notified before the 1st day of April, 2007, subject to the conditions specified in the notification, by the Central Government in the Official Gazette under the provisions of clause (b) as they stood immediately before their amendment by the Finance Act, 2007, such bond shall be deemed to be a bond notified under this clause;"

(iii) after the proviso as so inserted, the following clause shall be inserted, namely:—

'(ba) "long-term specified asset" for making any investment under this section on or after the 1st day of April, 2007 means any bond, redeemable after three years and issued on or after the 1st day of April, 2007 by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988 or by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.' 1 of 1956.

19. *Amendment of section 56.*—In section 56 of the Income-tax Act, in sub-section (2), in clause (v), in the proviso, the following sub-clauses shall be deemed to have been inserted with effect from the 1st day of April, 2005, namely:—

"(e) from any local authority as defined in the *Explanation* to clause (20) of section 10; or

(f) from any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in clause (23C) of section 10; or
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(g) from any trust or institution registered under section 12AA."

20. *Amendment of section 72A.*— In section 72A of the Income-tax Act, for sub-section (1), the following sub-section shall be substituted with effect from the 1st day of April, 2008, namely:—

"(1) Where there has been an amalgamation of—

(a) a company owning an industrial undertaking or a ship or a hotel with another company; or

(b) a banking company referred to in clause (c) of section 5 of the Banking Regulation Act, 1949 with a specified bank; or 10 of 1949.

(c) one or more public sector company or companies engaged in the business of operation of aircraft with one or more public sector company or companies engaged in similar business,

then, notwithstanding anything contained in any other provision of this Act, the accumulated loss and the unabsorbed depreciation of the amalgamating company shall be deemed to be the loss or, as the case may be, allowance for unabsorbed depreciation the amalgamated company for the previous year in which the amalgamation was effected, and other provisions of this Act relating to set-off and carry forward of loss and allowance for depreciation shall apply accordingly;"

21. *Insertion of new section 72AB.*— After section 72AA of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2008, namely:—

'72AB. *Provisions relating to carry forward and set off of accumulated loss and unabsorbed depreciation allowance in business re-organisation of co-operative banks.*— (1) The assessee, being a successor co-operative bank, shall, in a case where the amalgamation has taken place during the previous year, be allowed to set-off the accumulated loss and the unabsorbed depreciation, if any, of the predecessor co-operative bank as if the amalgamation had not taken place, and all the other provisions of this Act relating to set-off and carry forward of loss and allowance for depreciation shall apply accordingly.

(2) The provisions of this section shall apply if—

(a) the predecessor co-operative bank—

(i) has been engaged in the business of banking for three or more years; and

(ii) has held at least three-fourths of the book value of fixed assets as on the date of the business re-organisation, continuously for two years prior to the date of business re-organisation;

(b) the successor co-operative bank—

(i) holds at least three-fourths of the book value of fixed assets of the predecessor co-operative bank acquired through business re-organisation, continuously for a minimum period of five years immediately succeeding the date of business re-organisation;

(ii) continues the business of the predecessor co-operative bank for a minimum period of five years from the date of business re-organisation; and

(iii) fulfils such other conditions as may be prescribed to ensure the revival of the business of the predecessor co-operative bank or to ensure that the business re-organisation is for genuine business purpose.

(3) The amount of set-off of the accumulated loss and unabsorbed depreciation if any, allowable to the assessee being a resulting co-operative bank shall be,—

(i) the accumulated loss or unabsorbed depreciation of the demerged co-operative bank if the whole of the amount of such loss or unabsorbed depreciation is directly relatable to the undertakings transferred to the resulting co-operative bank; or

(ii) the amount which bears the same proportion to the accumulated loss or unabsorbed depreciation of the demerged co-operative bank as the assets of the undertaking transferred to the resulting co-operative bank bears to the assets of the demerged co-operative bank if such accumulated loss or unabsorbed depreciation is not directly relatable to the undertakings transferred to the resulting co-operative bank; or

(4) The Central Government may, for the purposes of this section, by notification in the

Official Gazette, specify such other conditions as it considers necessary, other than those prescribed under sub-clause (iii) of clause (b) of sub-section (2), to ensure that the business re-organisation is for genuine business purposes.

(5) The period commencing from the beginning of the previous year and ending on the date immediately preceding the date of business re-organisation, and the period commencing from the date of such business re-organisation and ending with the previous year shall be deemed to be two different previous years for the purposes of set-off and carry forward of loss and allowance for depreciation.

(6) In a case where the conditions specified in sub-section (2) or notified under sub-section (4) are not complied with, the set-off of accumulated loss or unabsorbed depreciation allowed in any previous year to the successor co-operative bank shall be deemed to be the income of the successor co-operative bank chargeable to tax for the year in which the conditions are not complied with.

(7) For the purposes of this section,—

(a) "accumulated loss" means so much of loss of the amalgamating co-operative bank or the demerged co-operative bank, as the case may be, under the head "Profits and gains of business or profession" (not being a loss sustained in a speculation business) which such amalgamating co-operative bank or the demerged co-operative bank, would have been entitled to carry forward and set-off under the provisions of section 72 as if the business re-organisation had not taken place;

(b) "unabsorbed depreciation" means so much of the allowance for depreciation of the amalgamating co-operative bank or the demerged co-operative bank, as the case may be, which remains to be allowed and which would have been allowed to such bank as if the business re-organisation had not taken place;

(c) the expressions "amalgamated co-operative bank", "amalgamating co-operative bank", "amalgamation", "business re-organisation", "co-operative bank", "demerged co-operative bank", "demerger", "predecessor co-operative bank", "successor co-operative bank" and "resulting co-operative bank" shall

have the meanings respectively assigned to them in section 44DB.'

22. *Amendment of section 80A.*— In section 80A of the Income-tax Act, in sub-section (3),—

(i) after the word, figures and letters "section 80-IB", the words, figures and letters "or section 80-IC" shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2004;

(ii) after the words, figures and letters "or section 80-IC" as so inserted, the words, figures and letters "or section 80-ID or section 80-IE" shall be inserted with effect from the 1st day of April, 2008.

23. *Amendment of section 80AC.*— In section 80AC of the Income-tax Act, after the word, figures and letters "section 80-IC", the words, figures and letters "or section 80-ID or section 80-IE" shall be inserted with effect from the 1st day of April, 2008.

24. *Amendment of section 80C.*— In section 80C of the Income-tax Act, in sub-section (2), after clause (xxi), the following clause shall be inserted with effect from the 1st day of April, 2008, namely:—

"(xxii) as subscription to such bonds issued by the National Bank for Agriculture and Rural Development, as the Central Government may, by notification in the Official Gazette, specify in this behalf."

25. *Amendment of section 80CCD.*— In section 80CCD of the Income-tax Act,—

(a) in sub-section (1), for the words "employed by the Central Government", the words "employed by the Central Government or any other" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 2004;

(b) in sub-section (2), for the words "Central Government" at both the places where they occur, the words "Central Government or any other employer" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 2004.

26. *Amendment of section 80D.*— In section 80D of the Income-tax Act, in sub-section (1), with effect from the 1st day of April, 2008,—

(a) for the words "paid by him by cheque", the words "paid by him by any mode of payment other than cash" shall be substituted;

(b) in clause (i), for the word "ten", the word "fifteen" shall be substituted;

(c) in clause (ii), for the word "ten", the word "fifteen" shall be substituted;

(d) in the proviso,—

(i) for the word "ten", the word "fifteen" shall be substituted;

(ii) for the word "fifteen", the word "twenty" shall be substituted.

27. *Amendment of section 80E.*— In section 80E of the Income-tax Act, with effect from the 1st day of April, 2008.—

(i) in sub-section (1), after the words "higher education", the words "or for the purpose of higher education of his relative" shall be inserted;

(ii) in sub-section (3),—

(A) in clause (a), for the words "notified by the Central Government", the words "approved by the prescribed authority" shall be substituted;

(B) after clause (d), the following clause shall be inserted, namely:—

'(e) "relative", in relation to an individual, means the spouse and children of that individual.'

28. *Amendment of section 80-IA.*— In section 80-IA of the Income-tax Act,—

(i) in sub-section (2), after words "distribution lines", the words "or lays and begins to operate a cross-country natural gas distribution network" shall be inserted with effect from the 1st day of April, 2008;

(ii) in sub-section (3), for the word, brackets and figures "clause (iv)", the words, brackets and figures "clause (iv) or clause (vi)" shall be substituted with effect from the 1st day of April, 2008;

(iii) in sub-section (4), with effect from the 1st day of April, 2008,—

(A) in clause (i), in the *Explanation*, in clause (d), for the words "or inland port", the words, "inland port or navigational channel in the sea" shall be substituted;

(B) in clause (v), in sub-clause (b), for the figures, letters and words "31st day of March, 2007", the figures, letters and words "31st day of March, 2008" shall be substituted;

(C) after clause (v), the following clause shall be inserted, namely:—

'(vi) any undertaking carrying on the business of laying and operating a cross-country natural gas distribution network, including pipelines and storage facilities being an integral part of such network, which fulfils the following conditions, namely:—

(a) it is owned by a company registered in India or by a consortium of such companies or by an authority or a board or a corporation established or constituted under any Central or State Act;

(b) it has been approved by the Petroleum and Natural Gas Regulatory Board established under sub-section (1) of section 3 of the Petroleum and Natural Gas Regulatory Board Act, 2006 19 of 2006. and notified by the Central Government in the Official Gazette;

(c) one-third of its total pipeline capacity is available for use on common carrier basis by any person other than the assessee or an associated person;

(d) it has started or starts operating on or after the 1st day of April, 2007; and

(e) any other condition which may be prescribed.

Explanation.— For the purposes of this clause, an "associated person" in relation to the assessee means a person—

(i) who participates directly or indirectly or through one or more intermediaries in the management or control or capital of the assessee;

(ii) who holds, directly or indirectly, shares carrying not less than twenty-six per cent. of the voting power in the assessee;

(iii) who appoints more than half of the Board of directors or members of the governing board, or one or more executive directors or executive members of the governing board of the assessee; or

(iv) who guarantees not less than ten per cent. of the total borrowings of the assessee.;

(iv) after sub-section (12), the following sub-section shall be inserted with effect from the 1st day of April, 2008, namely:—

"(12A) Nothing contained in sub-section (12) shall apply to any enterprise or undertaking which is transferred in a scheme of amalgamation or demerger on or after the 1st day of April, 2007.";

(v) after sub-section (13), the following *Explanation* shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2000, namely:—

"*Explanation.*— For the removal of doubts, it is hereby declared that nothing contained in this section shall apply to a person who executes a works contract entered into with the undertaking or enterprise, as the case may be."

29. *Amendment of section 80-IB.*— In section 80-IB of the Income-tax Act, in sub-section (4), in the fourth proviso, for the figures, letters and words "31st day of March, 2007", the figures, letters and words "31st day of March, 2012" shall be substituted with effect from the 1st day April, 2008.

30. *Amendment of section 80-IC.*— In section 80-IC of the Income-tax Act, in sub-section (2), with effect from the 1st day of April, 2008,—

(i) in clause (a), in sub-clause (i), for the figures, letters and words "1st day of April, 2012", the figures, letters and words "1st day of April, 2007" shall be substituted;

(ii) in clause (b) in sub-clause (i), for the figures, letters and words "1st day of April, 2012", the figures, letters and words "1st day of April, 2007" shall be substituted.

31. *Insertion of new section 80-ID.*— After section 80-IC of the Income-tax Act, the following

section shall be inserted with effect from the 1st day of April, 2008, namely:—

'80-ID. Deduction in respect of profits and gains from business of hotels and convention centres in specified area.— (1) Where the gross total income of an assessee includes any profits and gains derived by an undertaking from any business referred to in sub-section (2) (such business being hereinafter referred to as the eligible business), there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction of an amount equal to hundred per cent. of the profits and gains derived from such business for five consecutive assessment years beginning from the initial assessment year.

(2) This section applies to any undertaking,—

(i) engaged in the business of hotel located in the specified area, if such hotel is constructed and has started or starts functioning at any time during the period beginning on the 1st day of April, 2007 and ending on the 31st day of March, 2010; or

(ii) engaged in the business of building, owning and operating a convention centre, located in the specified area, if such convention centre is constructed at any time during the period beginning on the 1st day of April, 2007 and ending on the 31st day of March, 2010.

(3) The deduction under sub-section (1) shall be available only if—

(i) the eligible business is not formed by the splitting up, or the reconstruction, of a business already in existence;

(ii) the eligible business is not formed by the transfer to a new business of a building previously used as a hotel or a convention centre, as the case may be;

(iii) the eligible business is not formed by the transfer to a new business of machinery or plant previously used for any purpose.

Explanation.— the provisions of Explanations 1 and 2 to sub-section (3) of section 80-IA shall apply for the purposes of clause (iii) of this sub-section as they apply for the purposes of clause (ii) of that sub-section;

(iv) the assessee furnishes along with the return of income, the report of an audit in such form and containing such particulars as may be prescribed, and duly signed and verified by an accountant, as defined in the Explanation below sub-section (2) of section 288, certifying that the deduction has been correctly claimed.

(4) Notwithstanding anything contained in any other provision of this Act, in computing the total income of the assessee, no deduction shall be allowed under any other section contained in Chapter VIA or section 10AA, in relation to the profits and gains of the undertaking.

(5) The provisions contained in sub-section (5) and sub-sections (8) to (11) of section 80-IA shall, so far as may be, apply to the eligible business under this section.

(6) For the purposes of this section,—

(a) "convention centre" means a building of a prescribed area comprising of convention halls to be used for the purpose of holding conferences and seminars, being of such size and number and having such other facilities and amenities, as may be prescribed;

(b) "hotel" means a hotel of two-star, three-star or four-star category as classified by the Central Government;

(c) "initial assessment year"—

(i) in the case of a hotel, means the assessment year relevant to the previous year in which the business of the hotel starts functioning;

(ii) in the case of a convention centre, means the assessment year relevant to the previous year in which the convention centre starts operating on a commercial basis;

(d) "specified area" means the National Capital Territory of Delhi and the districts of Faridabad, Gurgaon, Gautam Budh Nagar and Ghaziabad.

32. *Insertion of new section 80-IE.—* After section 80-ID as so inserted in the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2008, namely:—

'80-IE. Special provisions in respect of certain undertakings in North-Eastern States.—

(1) Where the gross total income of an assessee includes any profits and gains derived by an undertaking, to which this section applies, from any business referred to in sub-section (2), there shall be allowed, in computing the total income of the assessee, a deduction of an amount equal to hundred per cent. of the profits and gains derived from such business for ten consecutive assessment years commencing with the initial assessment year.

(2) This section applies to any undertaking which has, during the period beginning on the 1st day of April, 2007 and ending before the 1st day of April, 2017, begun or begins, in any of the North-Eastern States,—

(i) to manufacture or produce any eligible article or thing;

(ii) to undertake substantial expansion to manufacture or produce any eligible article or thing;

(iii) to carry on any eligible business.

(3) This section applies to any undertaking which fulfils all the following conditions, namely:—

(i) it is not formed by splitting up, or the reconstruction, of a business already in existence:

Provided that this condition shall not apply in respect of an undertaking which is formed as a result of the re-establishment, reconstruction or revival by the assessee of the business of any such undertaking as referred to in section 33B, in the circumstances and within the period specified in the said section;

(ii) it is not formed by the transfer to a new business of machinery or plant previously used for any purpose.

Explanation.— The provisions of Explanations 1 and 2 to sub-section (3) of section 80-IA shall apply for the purposes of clause (ii) of this sub-section as they apply for the purposes of clause (ii) of that sub-section.

(4) Notwithstanding anything contained in any other provision of this Act, in computing the total income of the assessee, no deduction shall be allowed under any other section contained in Chapter VIA or in section 10A or section 10AA or

section 10B or section 10BA, in relation to the profits and gains of the undertaking.

(5) Notwithstanding anything contained in this Act, no deduction shall be allowed to any undertaking under this section, where the total period of deduction inclusive of the period of deduction under this section, or under section 80-IC or under the second proviso to sub-section (4) of section 80-IB or under section 10C, as the case may be, exceeds ten assessment years.

(6) The provisions contained in sub-section (5) and sub-section (7) to (12) of section 80-IA shall, so far as may be, apply to the eligible undertaking under this section.

(7) For the purposes of this section,—

(i) "initial assessment year" means the assessment year relevant to the previous year in which the undertaking begins to manufacture or produce articles or things, or completes substantial expansion;

(ii) "North-Eastern States" means the States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura;

(iii) "substantial expansion" means increase in the investment in the plant and machinery by at least twenty-five per cent. of the book value of plant and machinery (before taking depreciation in any year), as on the first day of the previous year in which the substantial expansion is undertaken;

(iv) "eligible article or thing" means the article or thing other than the following:—

(a) goods falling under Chapter 24 of the First Schedule to the Central Excise Tariff Act, 1985, 5 of 1986. which pertains to tobacco and manufactured tobacco substitutes;

(b) pan masala as covered under Chapter 21 of the First Schedule to the Central Excise Tariff Act, 1985; 5 of 1986.

(c) plastic carry bags of less than 20 microns as specified by the Ministry of Environment and Forests vide notification number S.O.705(E), dated the 2nd September, 1999 S.O. 698(E), dated the 17th June, 2003; and

(d) goods falling under Chapter 27 of the First Schedule to the Central Excise Tariff Act, 1985, ⁵ of 1986, produced by petroleum oil or gas refineries;

(v) "eligible business" means the business of,—

(a) hotel (not below two star category);

(b) adventure and leisure sports including ropeways;

(c) providing medical and health services in the nature of nursing home with a minimum capacity of twenty-five beds;

(d) running an old-age home;

(e) operating vocational training institute for hotel management, catering and food craft, entrepreneurship development, nursing and para-medical, civil aviation related training, fashion designing and industrial training;

(f) running information technology related training centre;

(g) manufacturing of information technology hardware; and

(h) bio-technology.'.

33. *Amendment of section 92CA.*— In section 92CA of the Income-tax Act, with effect from the 1st day of June, 2007,—

(i) after sub-section (3), the following sub-section shall be inserted, namely:—

"(3A) Where a reference was made under sub-section (1) before the 1st day of June, 2007 but the order under sub-section (3) has not been made by the Transfer Pricing Officer before the said date, or a reference under sub-section (1) is made on or after the 1st day of June, 2007, an order under sub-section (3) may be made at any time before sixty days prior to the date on which the period of limitation referred to in section 153, or as the case may be, in section 153B for making the order of assessment or reassessment or recomputation or fresh assessment, as the case may be, expires.";

(ii) for sub-section (4), the following sub-section shall be substituted, namely:—

"(4) On receipt of the order under sub-section (3), the Assessing Officer shall proceed to compute the total income of the assessee under sub-section (4) of section 92C in conformity with the arm's length price as so determined by the Transfer Pricing Officer."

34. *Amendment of section 115JB.*— In section 115JB of the Income-tax Act, after sub-section (2), in the *Explanation* with effect from the 1st day of April, 2008,—

(a) in clause (f), the words, figures and letters "section 10A or section 10B or" shall be omitted.

(b) in clause (ii), the words, figures and letters "section 10A or section 10B or" shall be omitted;

35. *Amendment of section 115-O.*— In section 115-O of the Income-tax Act, in sub-section (1), for the words "at the rate of twelve and one-half per cent.", the words " at the rate of fifteen per cent." shall be substituted.

36. *Amendment of section 115R.*— In section 115R of the Income-tax Act, in sub-section (2), for clauses (i) and (ii), the following clauses shall be substituted, namely:—

"(i) twenty-five per cent. on income distributed by a money market mutual fund or a liquid fund;

(ii) twelve and one-half per cent. on income distributed to any person being an individual or a Hindu undivided family by a fund other than a money market mutual fund or a liquid fund; and

(iii) twenty per cent. on income distributed to any other person by a fund other than a money market mutual fund or a liquid fund."

37. *Amendment of Explanation to Chapter XII-E.*— In Chapter XII-E of the Income tax Act, after section 115T, in the *Explanation*, after clause (C), the following clauses shall be inserted, namely:—

'(d) "money market mutual fund" means a money market mutual fund as defined sub-clause (p) of clause 2 of the Securities and Exchange Board of India (mutual Funds) Regulations, 1996;

(e) "liquid fund" means a scheme or plan of a mutual fund which is classified by the Securities and Exchange Board of India as a liquid fund in accordance with the guidelines issued by it in this behalf under the Securities and Exchange Board of India Act, 1992 or regulations made thereunder.

38. *Amendment of section 115WB.*— In section 115WB of the Income-tax Act, with effect from the 1st day of April, 2008,—

(A) in sub-section (1),—

(i) in clause (b), the word "and" occurring at the end shall be omitted;

(ii) in clause (c), for the word "employees", the words "employees; and" shall be substituted;

(iii) after clause (c), the following clause shall be inserted, namely:—

'(d) any specified security or sweat equity shares allotted or transferred, directly or indirectly, by the employer free of cost or at concessional rate to his employees (including former employee or employees).

Explanation.— For the purposes of this clause,—

(i) "specified security" means the securities as defined in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956 and includes 42 of 1956. employees' stock option;

(ii) "sweat equity shares" means equity shares issued by a company to its employees or directors at a discount or for consideration other than cash for providing know-how or making available rights in the nature of intellectual property rights or value additions, by whatever name called.;

(B) in sub-section (2), in the proviso,—

(a) in clause (v), for the words "bill boards", the words "bill boards, display of products" shall be substituted;

(b) for clause (vii), the following clause shall be substituted, namely:—

"(vii) being the expenditure on distribution of samples either free of cost or at concessional rate; and".

39. *Amendment of section 115WC.*— In section 115WC of the Income-tax Act, in sub-section (1), after clause (b), the following shall be inserted with effect from the 1st day of April, 2008, namely:—

'(ba) the fair market value of the specified security or sweat equity shares referred to in clause (d) of sub-section (1) of section 115WB, on the date on which the option vests with the employee as reduced by the amount actually paid by, or recovered from, the employee in respect of such security or shares.

Explanation.— For the purposes of this clause,—

(i) "fair market value" means the value determined in accordance with the method as may be prescribed by the Board;

(ii) "option" means a right but not an obligation granted to an employee to apply for the specified security or sweat equity shares at a predetermined price.'

40. *Amendment of section 115WJ.*— In section 115WJ of the Income-tax Act, sub-sections (2) and (3), the following sub-sections shall be substituted with effect from the 1st day of June, 2007, namely:—

"(2) Advance tax on the current fringe benefits shall be payable by—

(a) all the companies, who are liable to pay the same in four instalments during each financial year and the due date of each instalment and the amount of such instalment shall be as specified in Table I below:

Table I

Due date of instalment	Amount payable
On or before the 15th June	Not less than fifteen per cent. of such advance tax.
On or before the 15th September	Not less than forty-five per cent. of such advance tax as reduced by the amount, if any, paid in the earlier instalment.

On or before the 15th December Not less than seventy-five per cent. of such advance tax as reduced by the amount or amounts, if any, paid in the earlier instalment or instalments.

On or before the 15th March The whole amount of such advance tax as reduced by the amount or amounts if any, paid in the earlier instalment or instalments;

(b) all the assessee (other than companies), who are liable to pay the same in three instalments during each financial year and the due of each instalment and the amount of such instalment shall be as specified in Table II below:

Table II

Due date of instalment	Amount payable
On or before the 15th September	Not less than thirty per cent. of such advance tax.
On or before the 15th December	Not less than sixty per cent. of such advance tax as reduced by the amount, if any, paid in the earlier instalment.
On or before the 15th March	The whole amount of such advance tax as reduced by the amount or amounts, if any, paid in the earlier instalment or instalments;

(3) Where an assessee, being a company, has failed to pay the advance tax payable by him on or before the due date for any instalment or where the advance tax paid by him is less than the amount payable by the due date, he shall be liable to pay simple interest calculated at the rate of—

(i) one per cent. per month, for three months on an amount by which the advance tax paid on or before the 15th June of the financial year falls short of fifteen per cent. of the advance tax payable;

(ii) one per cent. per month, for three months on an amount by which the advance tax paid on or before the 15th September of the financial year falls short of forty-five per cent. of the advance tax payable;

(iii) one per cent. per month, for three months on an amount by which the advance tax paid

on or before the 15th December of the financial year falls short of seventy-five per cent. of the advance tax payable; and

(iv) one per cent. on an amount by which the advance tax paid on or before the 15th March of the financial year falls short of hundred per cent. of the advance tax payable.

(4) Where an assessee, being a person other than a company, has failed to pay the advance tax payable by him on or before the due date for any instalment or where the advance tax paid by him is less than the amount payable by the due date, he shall be liable to pay simple interest calculated at the rate of—

(i) one per cent. per month, for three months on an amount by which the advance tax paid on or before the 15th September of the financial year falls short of thirty per cent. of the advance tax payable;

(ii) one per cent. per month, for three months on an amount by which the advance tax paid on or before the 15th December of the financial year falls short of sixty per cent. of the advance tax payable; and

(iii) one per cent. on an amount by which the advance tax paid on or before the 15th March of the financial year falls short of hundred per cent. of the advance tax payable.

(5) Where an assessee has failed to pay the advance tax payable by him during a financial year or where the advance tax paid by him is less than ninety per cent. of the tax assessed under section 115WE or section 115WF or section 115WG, the assessee shall be liable to pay simple interest at the rate of one per cent. per month, for every month or part of a month comprised in the period from the 1st day of April next following such financial year to the date of assessment of tax under section 115WE or section 115WF or section 115WG."

41. Insertion of new section 115WKA.— After section 115WK of the Income-tax Act, the following section shall be inserted, namely:—

"115WKA.— Recovery of fringe benefit tax by the employer from the employee.— Notwithstanding anything contained in any agreement or Scheme under which any specified security or sweat equity shares

referred to in clause (d) of sub-section (1) of section 115WB has been allotted or transferred, directly or indirectly, by the employer on or after the 1st day of April, 2007, it shall be lawful for the employer to vary the agreement or Scheme under which such specified security or sweat equity shares has been allotted or transferred so as to recover from the employee the fringe benefit tax to the extent to which such employer is liable to pay the fringe benefit tax in relation to the value of fringe benefits provided to the employee and determined under clause (ba) of sub-section (1) of section 115WC."

42. *Amendment of section 120.*— In section 120 of the Income-tax Act, in sub-section (4), in clause (b)—

(i) after the words "shall be exercised or performed by", the words "an Additional Commissioner or" shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 1994;

(ii) after the words "an Additional Commissioner or", as so inserted, the words "an Additional Director or" shall be inserted and shall be deemed to have been inserted with effect from the 1st day of October, 1996;

(iii) after the words "deemed to be references to such", the words "Additional Commissioner or" shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 1994;

(iv) after the words "Additional Commissioner or" as so inserted, the words "Additional Director or" shall be inserted and shall be deemed to have been inserted with effect from the 1st day of October, 1996.

43. *Amendment of section 132B.*— In section 132B of the Income-tax Act, in sub-section (4), in clause (a), for the words "six per cent. per annum", the words "one-half per cent. for every month or part of a month" shall be substituted with effect from the 1st day of April, 2008.

44. *Amendment of section 139.*— In section 139 of the Income-tax Act, in sub-section (9), the proviso occurring at the end shall be omitted and shall be deemed to have been omitted with effect from the 1st day of June, 2006.

45. *Insertion of new sections 139C and 139D.*— After section 139B of the Income-tax Act, the

following sections shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 2006, namely:—

"139C. *Power of Board to dispense with furnishing documents, etc., with return.*— (1) The Board may make rules providing for a class or classes of persons who may not be required to furnish documents, statements, receipts, certificates, reports of audit or any other documents, which are otherwise under any other provisions of this Act, except section 139D, required to be furnished, along with the return but on demand to be produced before the Assessing Officer.

(2) Any rule made under the proviso to sub-section (9) of section 139 as it stood immediately before its omission by the Finance Act, 2007 shall be deemed to have been made under the provisions of this section.

139D. *Filing of return in electronic form.*— The Board may make rules providing for—

(a) the class or classes of persons who shall be required to furnish the return in electronic form;

(b) the form and the manner in which the return in electronic form may be furnished;

(c) the documents, statements, receipts, certificates or audited reports which may not be furnished along with the return in electronic form but shall be produced before the Assessing Officer on demand;

(d) the computer resource or the electronic record to which the return in electronic form may be transmitted."

46. *Amendment of section 142.*— In section 142 of the Income-tax Act,—

(a) in sub-section (2A), the following proviso shall be inserted with effect from the 1st day of June, 2007, namely:—

"Provided that the Assessing Officer shall not direct the assessee to get the accounts so audited unless the assessee has been given a reasonable opportunity of being heard.";

(b) in sub-section (2D), the following proviso shall be inserted with effect from the 1st day of June, 2007, namely:—

"Provided that where any direction for audit under sub-section (2A) is issued by the Assessing Officer on or after the 1st day of June, 2007, the expenses of, and incidental to, such audit (including the remuneration of the Accountant) shall be determined by the Chief Commissioner or Commissioner in accordance with such guidelines as may be prescribed and the expenses so determined shall be paid by the Central Government."

47. *Amendment of section 143.*— In section 143 of the Income-tax Act, in sub-section (3), in the proviso, in sub-clause (ii), after the words "scientific research association or other association", the words "or fund or trust" shall be inserted with effect from the 1st day of June, 2007.

48. *Amendment of section 153.*— In section 153 of the Income-tax Act, with effect from the 1st day of June, 2007,—

(a) in sub-section (1), after the proviso, the following proviso shall be inserted, namely:—

'Provided further that in case the assessment year in which the income was first assessable is the assessment year commencing on the 1st day of April, 2005 or any subsequent assessment year and during the course of the proceeding for the assessment of total income, a reference under sub-section (1) of section 92CA—

(i) was made before the 1st day of June, 2007 but an order under sub-section (3) of that section has not been made before such date; or

(ii) is made on or after the 1st day of June, 2007,

the provisions of clause (a) shall, notwithstanding anything contained in the first proviso, have effect as if for the words "two years", the words "thirty-three months" had been substituted.;

(b) in sub-section (2), after the second proviso, the following proviso shall be inserted, namely:—

'Provided also that where the notice under section 148 was served on or after the 1st day of April, 2006 and during the course of the proceedings for the assessment or reassessment or recomputation of total income,

a reference under sub-section (1) of section 92CA—

(i) was made before the 1st day of June, 2007 but an order under sub-section (3) of that section has not been made before such date; or

(ii) is made on or after the 1st day of June, 2007,

the provisions of this sub-section shall, notwithstanding anything contained in the second proviso, have effect as if for the words "one year", the words "twenty-one months" had been substituted.;

(c) in sub-section (2A), after the second proviso, the following proviso shall be inserted, namely:—

'Provided also that where the order under section 254 is received by the Chief Commissioner or Commissioner or, as the case may be, the order under section 263 or section 264 is passed by the Commissioner on or after the 1st day of April, 2006, and during the course of the proceedings for the fresh assessment of total income, a reference under sub-section (1) of section 92CA—

(i) was made before the 1st day of June, 2007 but an order under sub-section (3) of section 92CA has not been made before such date; or

(ii) is made on or after the 1st day of June, 2007,

the provisions of this sub-section shall, notwithstanding anything contained in the second proviso, have effect as if for the words "one year", the words "twenty-one months" had been substituted.;

49. *Amendment of section 153B.*— In section 153B of the Income-tax Act, in sub-section (1), after the second proviso and before the *Explanation*, the following provisos shall be inserted with effect from the 1st day of June, 2007, namely:—

'Provided also that in case where the last of the authorisations for search under section 132 or for requisition under section 132A was executed during the financial year commencing on the 1st day of April, 2005 or any subsequent

financial year and during the course of the proceedings for the assessment or reassessment of total income, a reference under sub-section (1) of section 92CA—

(i) was made before the 1st day of June, 2007 but an order under sub-section (3) of section 92CA has not been made before such date; or

(ii) is made on or after the 1st day of June, 2007,

the provisions of clause (a) or clause (b) of this sub-section shall, notwithstanding anything contained in clause (i) of the second proviso, have effect as if for the words "two years", the words "thirty-three months" had been substituted:

Provided also that in case where the last of the authorisations for search under section 132 or for requisition under section 132A was executed during the financial year commencing on the 1st day of April, 2005 or any subsequent financial year and during the course of the proceedings for the assessment or reassessment of total income in case of other person referred to in section 153C, a reference under sub-section (1) of section 92CA—

(i) was made before the 1st day of June, 2007 but an order under sub-section (3) of section 92CA has not been made before such date; or

(ii) is made on or after the 1st day of June, 2007,

the period of limitation for making the assessment or reassessment in case of such other person shall, notwithstanding anything contained in clause (ii) of the second proviso, be the period of thirty-three months from the end of the financial year in which the last of the authorisations for search under section 132 or for requisition under section 132A was executed or twenty-one months from the end of the financial year in which books of account or documents or assets seized or requisitioned are handed over under section 153C to the Assessing Officer having jurisdiction over such other person, whichever is later.

50. *Insertion of new section 153D.*— In the Income-tax Act, after section 153C, the following section shall be inserted with effect from the 1st day of June, 2007, namely:—

"153D. Prior approval necessary for assessment in cases or requisition.— No order of

assessment or reassessment shall be passed by an Assessing Officer below the rank of Joint Commissioner in respect of each assessment year referred to in clause (b) of section 153A, or the assessment year referred to in clause (b) of sub-section (1) of section 153B, except with the prior approval of the Joint Commissioner."

51. *Amendment of section 172.*— In section 172 of the Income-tax Act, after sub-section (4), the following sub-section shall be inserted, namely:—

"(4A) No order assessing the income and determining the sum of tax payable thereon shall be made under sub-section (4) after the expiry of nine months from the end of the financial year in which the return under sub-section (3) is furnished:

Provided that where the return under sub-section (3) has been furnished before the 1st day of April, 2007, such order shall be made on or before the 31st day of December, 2008."

52. *Amendment of section 193.*— In section 193 of the Income-tax Act, in the proviso, in clause (iv), the following proviso shall be inserted with effect from the 1st day of June, 2007, namely:—

"Provided that nothing contained in this clause shall apply to the interest exceeding rupees ten thousand payable on 8% Savings (Taxable) Bonds, 2003 during the financial year;"

53. *Amendment of section 194A.*— In section 194A of the Income-tax Act, in sub-section (3), in clause (i), for the words "does not exceed five thousand rupees", the following words, brackets, letters and figures shall be substituted with effect from the 1st day of June, 2007, namely:—

"does not exceed—

(a) ten thousand rupees, where the payer is a banking company to which the Banking Regulation Act, 1949¹⁰ of 1949 applies (including any bank or banking institution, referred to in section 51 of that Act);

(b) ten thousand rupees, where the payer is a co-operative society engaged in carrying on the business of banking;

(c) ten thousand rupees, on any deposit with post office under any Scheme framed by the

Central Government and notified by it in this behalf; and

(d) five thousand rupees in any other case."

54. *Amendment of section 194C.*— In section 194C of the Income-tax Act, for sub-section (1), the following sub-section shall be substituted with effect from the 1st day of June, 2007, namely:—

"(1) Any person responsible for paying any sum to any resident (hereinafter in this section referred to as the contractor) for carrying out any work (including supply of labour for carrying out any work) in pursuance of a contract between the contractor and—

(a) the Central Government or any State Government; or

(b) any local authority; or

(c) any corporation established by or under a Central, State or Provincial Act; or

(d) any company; or

(e) any co-operative society; or

(f) any authority, constituted in India by or under any law, engaged either for the purpose of dealing with and satisfying the need for housing accommodation or for the purpose of planning, development or improvement of cities, towns and villages, or for both; or

(g) any society registered under the Societies Registration Act, 1860 ^{21 of 1860.} or under any law corresponding to that Act in force in any part of India; or

(h) any trust; or

(i) any university established or incorporated by or under a Central, State or Provincial Act and an institution declared to be a university under section 3 of the University Grants Commission Act, 1956; or ^{3 of 1956.}

(j) any firm; or

(k) any individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business or profession carried on by him
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exceed the monetary limits specified under clause (a) or clause (b) of section 44AB during the financial year immediately preceding the financial year in which such sum is credited or paid to the account of the contractor,

shall, at the time of credit of such sum to the account of the contractor or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct an amount equal to—

(i) one per cent. in case of advertising.

(ii) in any other case two per cent.,

of such sum as income-tax on income comprised therein:

Provided that no individual or a Hindu undivided family shall be liable to deduct income-tax on the sum credited or paid to the account of the contractor where such sum is credited or paid exclusively for personal purposes of such individual or any member of Hindu undivided family."

55. *Amendment of section 194H.*— In section 194H of the Income-tax Act, with effect from the 1st day of June, 2007,—

(a) for the words "five per cent." the words "ten per cent." shall be substituted;

(b) after the second proviso and before the *Explanation*, the following proviso shall be inserted, namely:—

"Provided also that no deduction shall be made under this section on any commission or brokerage payable by Bharat Sanchar Nigam Limited or Mahanagar Telephone Nigam Limited to their public call office franchisees."

56. *Amendment of section 194-I.*— In section 194-I of the Income-tax Act, for clauses (a) and (b), the following clause shall be substituted with effect from the 1st day of June, 2007, namely:—

"(a) ten per cent. for the use of any machinery or plant or equipment;

(b) fifteen per cent. for the use of any land or building (including factory building) or land appurtenant to a building (including factory building) or any furniture or fittings where the payee is an individual or a Hindu undivided family; and

(c) twenty per cent. for the use of any land or building (including factory building) or land appurtenant to a building (including factory building) or furniture or fittings where the payee is a person other than an individual or a Hindu undivided family:—

57. *Amendment of section 194J.*— In section 194J of the Income-tax Act, in sub-section (1), for the words "five per cent.", the words "ten per cent." shall be substituted with effect from the 1st day of June, 2007.

58. *Amendment of section 197A.*— In section 197A of the Income-tax Act, in sub-section (1C), the words, figures and letter "and is entitled to a deduction from the amount of income-tax on his total income referred to in section 88B" shall be omitted and shall be deemed to have been omitted with effect from the 1st day of April, 2006.

59. *Amendment of section 201.*— In section 201 of the Income-tax Act, in sub-section (1A), for the words "twelve per cent. per annum", the words "one per cent. for every month or part of a month" shall be substituted with effect from the 1st day of April, 2008.

60. *Amendment of section 206A.*— In section 206A of the Income-tax Act, in sub-section (1), for the words "not exceeding five thousand rupees", the words "not exceeding ten thousand rupees, where the payer is a banking company or a co-operative society, and five thousand rupees in any other case" shall be substituted with effect from the 1st day of June, 2007.

61. *Amendment of section 206C.*— In section 206C of the Income-tax Act, in sub-section (1C), after the Table, the following *Explanations* shall be inserted with effect from the 1st day of June, 2007, namely:—

Explanation 1.— For the purposes of this sub-section, "mining and quarrying" shall not include mining and quarrying of mineral oil.

Explanation 2.— For the purposes of *Explanation 1*, "mineral oil" includes petroleum and natural gas.

62. *Amendment of section 245A.*— In section 245A of the Income-tax Act, with effect from the 1st day of June, 2007,—

(a) for clause (b), the following clause shall be substituted, namely:—

"(b) "case" means any proceeding for assessment under this Act, of any person in respect of any assessment year or assessment years which may be pending before an Assessing Officer on the date on which an application under sub-section (1) of section 245C is made:

Provided that—

(i) a proceeding for assessment or reassessment or recomputation under section 147;

(ii) a proceeding for assessment or reassessment for any of the assessment years referred to in clause (b) of section 153A in case of a person referred to in section 153A or section 153C;

(iii) a proceeding for assessment or reassessment for the assessment year referred to in clause (b) of sub-section (1) of section 153B in case of a person referred to in section 153A or section 153C;

(iv) a proceeding for making fresh assessment in pursuance of an order under section 254 or section 263, or section 264, setting aside or cancelling an assessment,

shall not be a proceeding for assessment for the purposes of this clause.

Explanation.— For the purposes of this clause—

(i) a proceeding for assessment or reassessment or recomputation referred to in clause (i) of the proviso shall be deemed to have commenced from the date on which a notice under section 148 is issued;

(ii) a proceeding for assessment or reassessment referred to in clause (ii) or clause (iii) of the proviso shall be deemed to have commenced on the date of initiation of the search under section 132 or requisition under section 132A;

(iii) a proceeding for making fresh assessment referred to in clause (iv) of the proviso shall be deemed to have commenced from the date on which the order under section 254 or section 263 or section 264, setting aside or cancelling an assessment was passed;

(iv) a proceeding for assessment for any assessment year, other than the proceedings of assessment or reassessment referred to in clause (i) or clause (ii) or clause (iii) or clause (iv) of the proviso, shall be deemed to have commenced from the 1st day of the assessment year and concluded on the date on which the assessment is made;"

(b) in clause (g), after the words "Settlement Commission", the words "and includes a Member who is senior amongst the Members of a Bench" shall be inserted.

63. *Amendment of section 245C.*— In section 245C of the Income-tax Act, with effect from the 1st day of June, 2007—

(i) in sub-section (1), for the proviso, the following proviso shall be substituted, namely:—

"Provided that no such application shall be made unless—

(i) the additional amount of income-tax payable on the income disclosed in the application exceeds three lakh rupees; and

(ii) such tax and the interest thereon, which would have been paid under the provisions of this Act had the income disclosed in the application been declared in the return of income before the Assessing Officer on the date of application, has been paid on or before the date of making the application and the proof of such payment is attached with the application.";

(ii) in sub-section (1A), the words, brackets, figures and letters "and sub-sections (2A) to (2D) of section (245D)" shall be omitted;

(iii) for sub-section (1B), the following sub-section shall be substituted, namely:—

"(1B) Where the income disclosed in the application relates to only one previous year,—

(i) if the applicant has not furnished a return in respect of the total income of that year, then, tax shall be calculated on the income disclosed in the application as if such income were the total income;

(ii) if the applicant has furnished a return in respect of the total income of that year, tax

shall be calculated on aggregate of the total income returned and the income disclosed in the application as if such aggregate were the total income.";

(iv) in sub-section (1C), clause (c) shall be omitted;

(v) after sub-section (3), the following sub-section shall be inserted, namely:—

"(4) An assessee shall, on the date on which he makes an application under sub-section (1) to the Settlement Commission, also intimate the Assessing Officer in the prescribed manner of having made such application to the said Commission."

64. *Amendment of section 245D.*— In section 245D of the Income-tax Act,—

(i) for sub-section (1), the following sub-section shall be substituted with effect from the 1st day of June, 2007, namely:—

"(1) On receipt of an application under section 245C, the Settlement Commission shall, within seven days from the date of receipt of the application, issue a notice to the applicant requiring him to explain as to why the application made by him be allowed to be proceeded with, and on hearing the applicant, the Settlement Commission shall, within a period of fourteen days from the date of the application, by an order in writing, reject the application or allow the application to be proceeded with:

Provided that where no order has been passed within the aforesaid period by the Settlement Commission, the application shall be deemed to have been allowed to be proceeded with.";

(ii) for sub-sections (2A), (2B), (2C) and (2D), the following sub-sections shall be substituted with effect from the 1st day of June, 2007, namely:—

"(2A) Where an application was made under section 245C before the 1st day of June, 2007, but an order under the provisions of sub-section (1) of this section, as they stood immediately before their amendment by the Finance Act, 2007, has not been made before the 1st day of June, 2007, such application

shall be deemed to have been allowed to be proceeded with if the additional tax on the income disclosed in such application and the interest thereon is paid on or before the 31st day of July, 2007.

Explanation.— In respect of the application referred to in this sub-section, the 31st day of July, 2007 shall be deemed to be the date of the order of rejection or allowing the application to be proceeded with under sub-section (1).

(2B) The Settlement Commission shall,—

(i) in respect of an application which is allowed to be proceeded with under sub-section (1), within thirty days from the date on which the application was made; or

(ii) in respect of an application referred to in sub-section (2A) which is deemed to have been allowed to be proceeded with under that sub-section, on or before the 7th day of August, 2007,

call for a report from the Commissioner, and the Commissioner shall furnish the report within a period of thirty days of the receipt of communication from the Settlement Commission.

(2C) Where a report of the Commissioner called for under sub-section (2B) has been furnished within the period specified therein, the Settlement Commission may, on the basis of the report and within a period of fifteen days of the receipt of the report, by an order in writing, declare the application in question as invalid, and shall send the copy of such order to the applicant and the Commissioner:

Provided that an application shall not be declared invalid unless an opportunity has been given to the applicant of being heard:

Provided further that where the Commissioner has not furnished the report within the aforesaid period, the Settlement Commission shall proceed further in the matter without the report of the Commissioner.

(2D) Where an application was made under sub-section (1) of section 245C before the 1st day of June, 2007 and an order under the provisions of sub-section (1) of this section, as they stood immediately before their amendment by the Finance Act, 2007, allowing the application to have been proceeded with, has been passed

before the 1st day of June, 2007, but an order under the provisions of sub-section (4), as they stood immediately before their amendment by the Finance Act, 2007, was not passed before the 1st day of June, 2007, such application shall not be allowed to be further proceeded with unless the additional tax on the income disclosed in such application and the interest thereon, is, notwithstanding any extension of time already granted by the Settlement Commission, paid on or before the 31st day of July, 2007.”;

(iii) for sub-sections (3), (4) and (4A), the following sub-sections shall be substituted with effect from the 1st day of June, 2007, namely:—

“(3) The Settlement Commission, in respect of —

(i) an application which has not been declared invalid under sub-section (2C); or

(ii) an application referred to in sub-section (2D) which has been allowed to be further proceeded with under that sub-section,

may call for the records from the Commissioner and after examination of such records, if the Settlement Commission is of the opinion that any further enquiry or investigation in the matter is necessary, it may direct the Commissioner to make or cause to be made such further enquiry or investigation and furnish a report on the matters covered by the application and any other matter relating to the case, and the Commissioner shall furnish the report within a period of ninety days of the receipt of communication from the Settlement Commission:

Provided that where the Commissioner does not furnish the report within the aforesaid period, the Settlement Commission may proceed to pass an order under sub-section (4) without such report.

(4) After examination of the records and the report of the Commissioner, if any, received under—

(i) sub-section (2B) or sub-section (3), or

(ii) the provisions of sub-section (1) as they stood immediately before their amendment by the Finance Act, 2007,

and after giving an opportunity to the applicant and to the Commissioner to be heard, either in person or through a representative duly

authorised in this behalf, and after examining such further evidence as may be placed before it or obtained by it, the Settlement Commission may, in accordance with the provisions of this Act, pass such order as it thinks fit on the matters covered by the application and any other matter relating to the case not covered by the application, but referred to in the report of the Commissioner.

(4A) The Settlement Commission shall pass an order under sub-section (4),—

(i) in respect of an application referred to in sub-section (2A) or sub-section (2D), on or before the 31st day of March, 2008;

(ii) in respect of an application made on or after the 1st day of June, 2007, within twelve months from the end of the month in which the application was made.”;

(iv) in sub-section (6A), for the words “fifteen per cent. per annum”, the words “one and one-fourth per cent. for every month or part of a month” shall be substituted with effect from the 1st day of April, 2008.

65. *Amendment of section 245DD.*— In section 245DD of the Income tax Act, in sub-section (2), in the proviso, the words “,so, however, that the total period of extension shall not in any case exceed two years” shall be omitted with effect from the 1st day of June, 2008.

66. *Amendment of section 245E.*— In section 245E of the Income-tax Act, after the proviso, the following proviso shall be inserted with effect from the 1st day of June, 2007, namely:—

“Provided further that no proceeding shall be reopened by the Settlement Commission under this section in a case where an application under section 245C is made on or after the 1st day of June, 2007.”.

67. *Amendment of section 245F.*— In section 245F of the Income-tax Act, in sub-section (2), the following provisos shall be inserted with effect from the 1st day of June 2007, namely:—

“Provided that where an application has been made under section 245C on or after the 1st day of June, 2007, the Settlement Commission shall have such exclusive jurisdiction from the date on which the application was made:

Provided further that where—

(i) an application made on or after the 1st day of June, 2007, is rejected under sub-section (1) of section 245D; or

(ii) an application is not allowed to be proceeded with under sub-section (2A) of section 245D, or, as the case may be, is declared invalid under sub-section (2C) of that section; or

(iii) an application is not allowed to be further proceeded with under sub-section (2D) of section 245D,

the Settlement Commission, in respect of such application shall have such exclusive jurisdiction up to the date on which the application is rejected, or, not allowed to be proceeded with, or, declared invalid, or, not allowed to be further proceeded with, as the case may be.”.

68. *Amendment of section 245H.*— In section 245H of the Income-tax Act, in sub-section (1), after the proviso, the following proviso shall be inserted with effect from the 1st day of June, 2007, namely:—

“Provided further that the Settlement Commission shall not grant immunity from prosecution for any offence under the Indian Penal Code or under any 45 of 1860. Central Act other than this Act and the Wealth-tax Act, 1957 to a person who 27 of 1957. makes an application under section 245C on or after the 1st day of June, 2007.”.

69. *Insertion of new sections 245HA and 245HAA.*— After section 245H of the Income-tax Act, the following sections shall be inserted with effect from the 1st day of June, 2007, namely:—

“245HA. *Abatement of proceeding before settlement Commission.*— (1) Where—

(i) an application made under section 245C on or after the 1st day of June, 2007 has been rejected under sub-section (1) of section 245D; or

(ii) an application made under section 245C has not been allowed to be proceeded with under sub-section (2A) or further proceeded with under sub-section (2D) of section 245D; or

(iii) an application made under section 245C has been declared as invalid under sub-section (2C) of section 245D; or

(iv) in respect of any other application made under section 245C, an order under sub-section (4) of section 245D has not been passed within the time or period specified under sub-section (4A) of section 245D,

the proceedings before the Settlement Commission shall abate on the specified date.

Explanation.— For the purposes of this sub-section, "specified date" means—

(a) in respect of an application referred to in clause (i), the day on which the application was rejected;

(b) in respect of an application referred to in clause (ii), the 31st day of July, 2007;

(c) in respect of an application referred to in clause (iii), the last day of the month in which the application was declared invalid;

(d) in respect of an application referred to in clause (iv), on the date on which the time period specified in sub-section (4A) of section 245D expires.

(2) where a proceeding before the Settlement Commission abates, the Assessing Officer, or, as the case may be, any other income-tax authority before whom the proceeding at the time of making the application was pending, shall dispose of the case in accordance with the provisions of this Act as if no application under section 245C had been made.

(3) For the purposes of sub-section (2), the Assessing Officer, or, as the case may be, other income-tax authority, shall be entitled to use all the material and other information produced by the assessee before the Settlement Commission or the results of the inquiry held or evidence recorded by the Settlement Commission in the course of the proceedings before it, as if such material, information, inquiry and evidence had been produced before the Assessing Officer or other income-tax authority or held or recorded by him in the course of the proceedings before him.

(4) For the purposes of the time-limit under sections 149, 153, 153B, 154, 155, 158BE and 231

and for the purposes of payment of interest under section 243 or 244 or, as the case may be, section 244A, for making the assessment or reassessment under sub-section (2), the period commencing on and from the date of the application to the Settlement Commission under section 245C and ending with "specified date" referred to in sub-section (1) shall be excluded; and where the assessee is a firm, for the purposes of the time-limit for cancellation of registration of the firm under sub-section (1) of section 186, the period aforesaid shall, likewise, be excluded.

245HAA. Credit for tax paid in case of abatement of proceedings.— Where an application made under section 245C on or after the 1st day of June, 2007, is rejected under sub-section (1) of section 245D, or any other application made under section 245C is not allowed to be proceeded with under sub-section (2A) of section 245D or is declared invalid under sub-section (2C) of section 245D or has not been allowed to be further proceeded with under sub-section (2D) of section 245D or an order under sub-section (4) of section 245D has not been passed within the time or period specified under sub-section (4A) of section 245D, the Assessing Officer shall allow the credit for the tax and interest paid on or before the date of making the application or during the pendency of the case before the Settlement Commission."

70. Substitution of new section for section 245K.— For section 245K of the Income-tax Act, the following section shall be substituted with effect from the 1st day of June, 2007, namely:—

"**245K. Bar on subsequent application for settlement.**— (1) where—

(i) an order or settlement passed sub-section (4) of section 245D provides for the imposition of a penalty on the person who made the application under section 245C for settlement, on the ground of concealment of particulars of his income; or

(ii) after the passing of an order of settlement under the said sub-section (4) in relation to a case, such person is convicted of any offence under Chapter XXII in relation to that case; or

(iii) the case of such person was sent back to the Assessing Officer by the Settlement Commission on or before the 1st day of June, 2007,

then, he shall not be entitled to apply for settlement under section 245C in relation to any other matter.

(2) Where a person has made an application under section 245C on or after the 1st day of June, 2007 and if such application has been allowed to be proceeded with under sub-section (1) of section 245D, such person shall not be subsequently entitled to make an application under section 245C."

71. *Amendment of section 246A.*— In section 246A of the Income-tax Act, with effect from the 1st day of June, 2007,—

(a) in sub-section (1),—

(i) after clause (ha), the following clause shall be inserted, namely:—

"(hb) an order made under sub-section (6A) of section 206C;"

(ii) in clause (j), in sub-clause (B), after the word, figures and letter "section 271A," the word, figures and letters "section 271AAA," shall be inserted;

(b) after sub-section (1A), the following sub-section shall be inserted, namely:—

"(1B) Every appeal filed by an assessee in default against an order under sub-section (6A) of section 206C on or after the 1st day of April, 2007 but before the 1st day of June, 2007 shall be deemed to have been filed under this section."

72. *Substitution of new section for section 248.*— For section 248 of the Income-tax Act, the following section shall be substituted with effect from the 1st day of June, 2007, namely:—

"248. *Appeal by a person denying liability to deduct tax in certain cases.*— Where under an agreement or other arrangement, the tax deductible on any income, other than interest, under section 195 is to be borne by the person by whom the income is payable, and such person having paid such tax to the credit of the Central Government, claims that no tax was required to be deducted on such income, he may appeal to the Commissioner (Appeals) for a declaration that no tax was deductible on such income."

73. *Amendment of section 249.*— In section 249 of the Income-tax Act, in sub-section (2), for clause (a), the following clause shall be substituted with effect from the 1st day of June, 2007, namely:—

"(a) where the appeal is under section 248, the date of payment of the tax, or".

74. *Amendment of section 253.*— In section 253 of the Income-tax Act, in sub-section (1), in clause (c), for the words, figures and letters "under section 12AA", the words, figures, letters and brackets "under section 12AA or under clause (vi) of sub-section (5) of section 80G" shall be substituted with effect from the 1st day of June, 2007.

75. *Amendment of section 254.*— In section 254 of the Income-tax Act, in sub-section (2A), for the provisos, the following provisos, shall be substituted with effect from the 1st day of June, 2007, namely:—

"Provided that the Appellate Tribunal may, after considering the merits of the application made by the assessee, pass an order of stay in any proceedings relating to an appeal filed under sub-section (1) of section 253, for a period not exceeding one hundred and eighty days from the date of such order and the Appellate Tribunal shall dispose of the appeal within the said period of stay specified in that order:

Provided further that where such appeal is not so disposed of within the said period of stay as specified in the order of stay, the Appellate Tribunal may, on an application made in this behalf by the assessee and on being satisfied that the delay in disposing of the appeal is not attributable to the assessee, extend the period of stay, or pass an order of stay for a further period or periods as it thinks fit; so, however, that the aggregate of the period originally allowed and the period or periods so extended or allowed shall not, in any case, exceed three hundred and sixty-five days and the Appellate Tribunal shall dispose of the appeal within the period or periods of stay so extended or allowed:

Provided also that if such appeal is not so disposed of within the period allowed under the first proviso or the period or periods extended or allowed under the second proviso, the order of stay shall stand vacated after the expiry of such period or periods."

76. Amendment of section 271.— In section 271 of the Income-tax Act, in sub-section (1),—

(i) in *Explanation 4*, in clause (b), for the words "means the tax on the total income assessed;", the words and figures "means the tax on the total income assessed as reduced by the amount of advance tax, tax deducted at source, tax collected at source and self assessment tax paid before the issue of notice under section 148;" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 2003;

(ii) in *Explanation 5*, in the opening portion, for the words and figures "search under section 132", the words, figures and letters "search initiated under section 132 before the 1st day of June, 2007", shall be substituted with effect from the 1st day of June, 2007;

(iii) after *Explanation 5*, the following *Explanation* shall be inserted with effect from the 1st day of June, 2007, namely:—

"*Explanation 5A*.— Where in the course of a search initiated under section 132 on or after the 1st day of June, 2007, the assessee is found to be the owner of,—

(i) any money, bullion, jewellery or other valuable article or thing (hereinafter in this *Explanation* referred to as assets) and the assessee claims that such assets have been acquired by him by utilising (wholly or in part) his income for any previous year; or

(ii) any income based on any books of account or other documents or transactions and he claims that such entry in the books of account or other documents or transactions represents his income (wholly or in part) for any previous year,

which has ended before the date of the search and the due date for filing the return of income for such year has expired and the assessee has not filed the return, then, notwithstanding that such income is declared by him in any return of income furnished on or after the date of the search, he shall, for the purposes of imposition of a penalty under clause (c) of sub-section (1) of this section, be deemed to have concealed the particulars of his income or furnished inaccurate particulars of such income."

77. Insertion of new section 271AAA.— In the Income-tax Act, after section 271AA, the following section shall be inserted, namely:—

"271AAA. Penalty where search has been initiated.— (1) The Assessing Officer may, notwithstanding anything contained in any other provisions of this Act, direct that, in a case where search has been initiated under section 132 on or after the 1st day of June, 2007, the assessee shall pay by way of penalty, in addition to tax, if any, payable by him, a sum computed at the rate of ten per cent. of the undisclosed income of the specified previous year.

(2) Nothing contained in sub-section (1) shall apply if the assessee,—

(i) in the course of the search, in a statement under sub-section (4) of section 132, admits the undisclosed income and specifies the manner in which such income has been derived;

(ii) substantiates the manner in which the undisclosed income was derived; and

(iii) pays the tax, together with interest, if any, in respect of the undisclosed income.

(3) No penalty under the provisions of clause (c) of sub-section (1) of section 271 shall be imposed upon the assessee in respect of the undisclosed income referred to in sub-section (1).

(4) The provisions of sections 274 and 275 shall, so far as may be, apply in relation to the penalty referred to in this section.

Explanation.— For the purposes of this section,—

(a) "undisclosed income" means—

(i) any income of the specified previous year represented, either wholly or partly, by any money, bullion, jewellery or other valuable article or thing or any entry in the books of account or other documents or transactions found in the course of a search under section 132, which has—

(A) not been recorded on or before the date of search in the books of account or other documents maintained in the normal course relating to such previous year; or

(B) otherwise not been disclosed to the Chief Commissioner or Commissioner before the date of search; or

(ii) any income of the specified previous year represented, either wholly or partly, by any entry in respect of an expense recorded in the books of account or other documents maintained in the normal course relating to the specified previous year which is found to be false and would not have been found to be so had the search not been conducted;

(b) "specified previous year" means the previous year—

(i) which has ended before the date of search, but the date of filing the return of income under sub-section (1) of section 139 for such year has not expired before the date of search and the assessee has not furnished the return of income for the previous year before the said date; or

(ii) in which search was conducted.'

78. *Insertion of new section 292C.*— After section 292B of the Income-tax Act, the following section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of October, 1975, namely:—

"292C. *Presumption as to assets books of account, etc.*— Where any books of account, other documents, money, bullion, jewellery or other valuable article or thing are or is found in the possession or control of any person in the course of a search under section 132, it may, in any proceeding under this Act, be presumed—

(i) that such books of account, other documents, money, bullion, jewellery or other valuable article or thing belong or belongs to such person;

(ii) that the contents of such books of account and other documents are true; and

(iii) that the signature and every other part of such books of account and other documents which purport to be in the handwriting of any particular person or which may reasonably be assumed to have been signed by, or to be in the handwriting of, any particular person, are in that person's handwriting, and in the case of a document stamped, executed or attested, that it was duly stamped and executed or attested by the person by whom it purports to have been so executed or attested."

79. *Amendment of section 295.*— In section 295 of the Income-tax Act, in sub-section (2), after clause (eeb), the following clauses shall be inserted and shall be deemed to have been inserted, with effect from the 1st day of June, 2006, namely:—

"(eeba) the documents, statements, receipts, certificates or audited reports which may not be furnished along with the return but shall be produced before the Assessing Officer on demand under section 139C;

(eebb) the class or classes of persons who shall be required to furnish the return of income in electronic form; the form and the manner of furnishing the said return in electronic form; documents, statements, receipts, certificates or reports which shall not be furnished with the return in electronic form and the computer resource or electronic record to which such return may be transmitted under section 139D;"

80. *Amendment of section 296.*— In section 296 of the Income-tax Act, with effect from the 1st day of June, 2007, for the words, brackets, figures and letter "every notification issued under sub-clause (iv) of clause (23C) of section 10", the words, figures, letters and brackets "every notification issued before the 1st day of June, 2007 under sub-clause (iv) of clause (23C) of section 10" shall be substituted.

81. *Amendment of second Schedule.*— In the Second Schedule to the Income-tax Act, with effect from the 1st day of April, 2008,—

(a) in rule 60, in sub-rule (1), in clause (a), for the words "fifteen per cent. per annum", the words "one and one-fourth per cent. for every month or part of a month" shall be substituted;

(b) in rule 68A, in sub-rule (3), for the words "six per cent. per annum", the words "one-half per cent. for every month or part of a month" shall be substituted.

82. *Amendment of Fourth Schedule.*— In the Fourth Schedule to the Income-tax Act, in Part A,—

(i) in rule 3, in sub-rule (1),—

(a) in the proviso, for the figures, letters and words "31st day of March, 2007", the figures, letters and words "31st day of March, 2008" shall be substituted;

(b) after the proviso, the following proviso shall be inserted, namely:—

"Provided further that nothing contained in the first proviso shall apply to the provident fund of an establishment in respect of which a notification has been issued by the Central Government under sub-section (2) of section 16 of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.";

19 of 1952.

(ii) in rule 4, for clause (ea), the following clause shall be substituted, namely:—

"(ea) the fund shall be a fund of an establishment to which the provisions of sub-section (3) of section 1 of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 apply or of an establishment which has been notified by the Central Provident Fund Commissioner under sub-section (4) of section 1 of the said Act, and such establishment shall obtain exemption under section 17 of the said Act from the operation of all or any of the provisions of any scheme referred to in that section;".

Wealth-tax

83. *Amendment of section 2.*— In section 2 of Wealth-tax Act, 1957 (hereinafter referred to as the Wealth-tax Act),—

(a) in clause (ca)—

(i) after the words and figure "section 8 of this Act and also the", the words "Additional Commissioner or" shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 1994;

(ii) after the words "Additional Commissioner or", as so inserted, the words "Additional Director or" shall be inserted and shall be deemed to have been inserted with effect from the 1st day of October, 1996;

(b) for clause (ka), the following clause shall be substituted and shall be deemed to have been

substituted with effect from the 25th day August, 1976, namely:—

'(ka) "India" means the territory of India as referred in to article 1 of the Constitution, its territorial waters, seabed and subsoil underlying such waters, continental shelf, exclusive economic zone or any other maritime zone as referred to in the Territorial Waters, Continental Shelf, Exclusive Economic Zone and Other Maritime Zones Act, 1976, and the air space above its territory and territorial waters;'.

84. *Amendment of section 22A.*— In section 22A of the Wealth-tax Act, with effect from the 1st day of June, 2007,—

(a) for clause (b), the following shall be substituted, namely:—

'(b) "case" means any proceeding for assessment under this Act, of any person in respect of any assessment year or assessment years which may be pending before an Assessing Officer on the date on which an application under sub-section (1) of section 22C is made:

Provided that—

(i) a proceeding for assessment or reassessment under section 17;

(ii) a proceeding for making fresh assessment in pursuance of an order under section 23A or section 24 or section 25, setting aside or cancelling an assessment;

(iii) a proceeding for assessment or reassessment which may be initiated on the basis of a search under section 37A or requisition under section 37B,

shall not be a proceeding for assessment for the purposes of this clause.

Explanation.— For the purposes of this clause—

(i) a proceeding for assessment or reassessment referred to in clause (i) of the proviso shall, in case where a notice under section 17 is issued but not on the basis of search under section 37A or requisition under section

37B, be deemed to have commenced from the date on which a notice under section 17 is issued;

(ii) a proceeding for making fresh assessment referred to in clause (ii) of the proviso shall be deemed to have commenced from the date on which the order under section 23A or section 24 or section 25, setting aside or cancelling an assessment was passed;

(iii) a proceeding for assessment or reassessment referred to in clause (iii) of the proviso shall be deemed to have commenced on the date of initiation of the search under section 37A or requisition under section 37B;

(iv) a proceeding for assessment for an assessment year, other than the proceeding of assessment or reassessment referred to in clause (i) or clause (ii) or clause (iii) of the proviso, shall be deemed to have commenced from the 1st day of the assessment year and concluded on the date on which the assessment is made;

(b) in clause (f), after the words "Settlement Commission", the words "and includes a Member who is senior amongst the Members of a Bench" shall be inserted.

85. *Amendment of section 22C.*— In section 22C of the Wealth-tax Act, with effect from the 1st day of June, 2007,—

(i) in sub-section (1), for the proviso, the following proviso shall be substituted, namely:—

"Provided that no such application shall be made unless such wealth-tax and the interest thereon, which would have been paid under the provisions of this Act had the wealth declared in the application been declared in the return of wealth before the Assessing Officer on the date of application, has been paid on or before the date of making the application and the proof of such payment is attached with the application.";

(ii) in sub-section (1A), the words, brackets, figures and letters " and sub-sections (2A) to (2D) of section 22D" shall be omitted;

(iii) for sub-section (1B), the following sub-section shall be substituted, namely:—

"(1B) Where the wealth disclosed in the application relates to only one previous year,—

(i) if the applicant has not furnished a return in respect of the net wealth of that year, then, wealth-tax shall be calculated on the wealth disclosed in the application as if such wealth were the net wealth;

(ii) if the applicant has furnished a return in respect of the net wealth of that year, wealth-tax shall be calculated on the aggregate of the net wealth returned and the wealth disclosed in the application as if such aggregate were the net wealth.";

(iv) in sub-section (1C), clause (c) shall be omitted;

(v) after sub-section (3), the following sub-section shall be inserted, namely:—

"(4) An assessee shall, on the date on which he makes an application under sub-section (1) to the Settlement Commission, also intimate the Assessing Officer in the prescribed manner of having made such application to the said Commission."

86. *Amendment of section 22D.*— In section 22D of the Wealth-tax Act,—

(i) for sub-section (1), the following sub-section shall be substituted with effect from the 1st day of June, 2007, namely:—

"(1) On receipt of an application under section 22C, the Settlement Commission shall, within seven days from the date of receipt of the application, issue a notice to the applicant requiring him to explain as to why the application made by him be allowed to be proceeded with, and on hearing the applicant, the Settlement Commission shall, within a period of fourteen days from the date of the application, by an order in writing, reject the application or allow the application to be proceeded with:

Provided that where no order has been passed within the aforesaid period by the Settlement Commission, the application shall be deemed to have been allowed to be proceeded with.";

(ii) for sub-sections (2A), (2B), (2C) and (2D), the following sub-sections shall be substituted with effect from the 1st day of June, 2007, namely:—

"(2A) Where an application was made under section 22C before the 1st day of June, 2007 but an order under the provisions of sub-section (1) of this section, as they stood immediately before their amendment by the Finance Act, 2007, has not been made before the 1st day of June, 2007, such application shall be deemed to have allowed to be proceeded with if the additional wealth-tax on the wealth disclosed in such application and the interest thereon is paid on or before the 31st day of July, 2007.

Explanation.— In respect of the application referred to in this sub-section, the 31st day of July, 2007 shall be deemed to be the date of the order of rejection or allowing the application to be proceeded with under sub-section (1).

(2B) The Settlement Commission shall,—

(i) in respect of an application which is allowed to be proceeded with under sub-section (1), within thirty days from the date on which the application was made; or

(ii) in respect of an application referred to in sub-section (2A) which is deemed to have been allowed to be proceeded with under that sub-section, on or before the 7th day of August, 2007,

call for a report from the Commissioner, and the Commissioner shall furnish the report within a period of thirty days of the receipt of commission from the Settlement Commission.

(2C) Where a report of the Commissioner called for under sub-section (2B) has been furnished within the period specified therein, the Settlement Commission may, on the basis of the material contained in such report and within a period of fifteen days of the receipt of the report, by an order in writing, declare the application in question as invalid, and shall send the copy of such order to the applicant and the Commissioner:

Provided that an application shall not be declared invalid unless an opportunity has been given to the applicant of being heard:

Provided further that where the Commissioner has not furnished the report within the aforesaid

period, the Settlement Commission shall proceed further in the matter without the report of the Commissioner.

(2D) Where an application was made under sub-section (1) of section 22C before the 1st day of June, 2007 and an order under the provisions of sub-section (1) of this section, as they stood immediately before their amendment by the Finance Act, 2007, allowing the application to have been proceeded with, has been passed before the 1st day of June, 2007, but an order under the provisions of sub-section (4), as they stood immediately before their amendment by the Finance Act, 2007, was not passed before the 1st day of June, 2007, such application shall not be allowed to be further proceeded with unless the additional wealth-tax on the wealth disclosed in such application and the interest thereon, is, notwithstanding any extension of time already granted by the Settlement Commission, paid on or before the 31st day of July, 2007.";

(iii) for sub-sections (3), (4) and (4A), the following sub-sections shall be substituted with effect from the 1st day of June, 2007, namely:—

"(3) The Settlement Commission, in respect of—

(i) an application which has not been declared invalid under sub-section (2C); or

(ii) an application referred to in sub-section (2D) which has been allowed to be further proceeded with under that sub-section,

may call for the records from the Commissioner and after examination of such records, if the Settlement Commission is of the opinion that any further enquiry or investigation in the matter is necessary, it may direct the Commissioner to make or cause to be made such further enquiry or investigation and furnish a report on the matters covered by the application and any other matter relating to the case, and the Commissioner shall furnish the report within a period of ninety days of the receipt of communication from the Settlement Commission:

Provided that where the Commissioner does not furnish his report within the aforesaid period, the Settlement Commission may proceed to pass an order under sub-section (4) without such report.

(4) After examination of the records and the report of the Commissioner, if any, received under—

(i) sub-section (2B) or sub-section (3), or

(ii) the provisions of sub-section (1), as they stood immediately before their amendment by the Finance Act, 2007,

and after giving an opportunity to the applicant and to the Commissioner to be heard, either in person or through a representative duly authorised in this behalf, and after examining such further evidence as may be placed before it or obtained by it, the Settlement Commission may, in accordance with the provisions of this Act, pass such order, as it thinks fit, on the matters covered by the application and any other matter relating to the case not covered by the application, but referred to in the report of the Commissioner.

(4A) The Settlement Commission shall pass an order under sub-section (4),—

(i) in respect of an application referred to in sub-section (2A) or sub-section (2D), on or before the 31st day of March, 2008;

(ii) in respect of an application made on or after the 1st day of June, 2007, within twelve months from the end of the month in which the application was made.”;

(iv) in sub-section (6A), for the words “fifteen per cent. per annum”, the words “one and one-fourth per cent. for every month or part of a month” shall be substituted with effect from the 1st day of April, 2008.

87. *Amendment of section 22DD.*— In section 22DD of the Wealth-tax Act, in sub-section (2), in the proviso, the words “, so, however, that the total period of extension shall not in any case exceed two years” shall be omitted with effect from the 1st day of June, 2007.

88. *Amendment of section 22E.*— In section 22E of the Wealth-tax Act, after the proviso, the following proviso shall be inserted with effect from the 1st day of June, 2007, namely:—

“Provided further that no proceeding shall be reopened by the Settlement Commission under this section in a case where an application under section 22C is made on or after the 1st day of June, 2007.”.

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89. *Amendment of section 22F.*— In section 22F of the Wealth-tax Act, in sub-section (2), the following provisos shall be inserted with effect from the 1st day of June, 2007, namely:—

“Provided that where an application has been made under section 22C on or after the 1st day of June, 2007, the Settlement Commission shall have such exclusive jurisdiction from the date on which the application was made:

Provided further that where—

(i) an application made on or after the 1st day of June, 2007, is rejected under sub-section (1) of section 22D; or

(ii) an application is not allowed to be proceeded with under sub-section (2A) of section 22D, or, as the case may be, is declared invalid under sub-section (2C) of that section; or

(iii) an application is not allowed to be further proceeded with under sub-section (2D) of section 22D,

the Settlement of Commission, in respect of such application shall have such exclusive jurisdiction up to the date on which the application is rejected, or, not allowed to be proceeded with, or, declared invalid, or, not allowed to be further proceeded with, as the case may be.”.

90. *Amendment of section 22H.*— In section 22H of the Wealth-tax Act, in sub-section (1), after the proviso, the following proviso shall be inserted with effect from the 1st day of June, 2007, namely:—

“Provided further that the Settlement Commission shall not grant immunity from prosecution for any offence under the Indian Penal Code or under any Central Act other than this Act and the Income-tax Act, 1961 to a person who 45 of 1860. makes an application under section 22C on or after the 1st day of June, 2007.”. 43 of 1961.

91. *Insertion of new sections 22HA and 22HAA.*— After section 22H of the Wealth-tax Act, the following sections shall be inserted with effect from the 1st day of June, 2007, namely:—

‘22HA. *Abatement of proceedings before Settlement Commission.*— (1) Where,—

(i) an application made under section 22C on or after the 1st day of June, 2007 has been rejected under sub-section (1) of section 22D; or

(ii) an application made under section 22C has not been allowed to be proceeded with under sub-section (2A) or further proceeded with under sub-section (2D) of section 22D; or

(iii) an application made under section 22C has been declared as invalid under sub-section (2C) of section 22D; or

(iv) in respect of any other application made under section 22C, an order under sub-section (4) of section 22D has not been passed within the time or period specified under sub-section (4A) of section 22D,

the proceedings before the Settlement Commission shall abate on the specified date.

Explanation.— For the purposes of this sub-section, "specified date" means—

(a) in respect of an application referred to in clause (i), the date on which the application was rejected;

(b) in respect of an application referred to in clause (ii), the 31st day of July, 2007;

(c) in respect of an application referred to in clause (iii), the last day of the month in which the application was declared invalid;

(d) in respect of an application referred to in clause (iv), on the date on which the time or period specified in sub-section (4A) of section 22D expires.

(2) Where a proceeding before the Settlement Commission abates, the Assessing Officer, or, as the case may be, any other wealth-tax authority before whom the proceeding at the time of making the application was pending, shall dispose of the case in accordance with the provisions of this Act as if no application under section 22C had been made.

(3) For the purposes of sub-section (2), the Assessing Officer, or, as the case may be, other wealth-tax authority, shall be entitled to use all the material and other information produced by the

assessee before the Settlement Commission or the results of the inquiry held or evidence recorded by the Settlement Commission in the course of the proceedings before it, as if such material, information, inquiry and evidence had been produced before the Assessing Officer or other wealth-tax authority or held or recorded by him in the course of the proceedings before him.

(4) For the purposes of the time-limit under sections 17A, 32 and 35 and for the purposes of payment of interest under section 34A, in case referred to in sub-section (2), the period commencing on and from the date of a application to the Settlement Commission under section 22C and ending with "specified date" referred to in sub-section (1) shall be excluded.

22HAA. Credit for tax paid in case of abatement of proceedings.— Where an application made under section 22C on or after the 1st day of June, 2007, is rejected under sub-section (1) of section 22D, or any other application made under section 22C is not allowed to be proceeded with under sub-section (2A) of section 22D or is declared invalid under sub-section (2C) of section 22D or has not been allowed to be further proceeded with under sub-section (2D) of section 22D or an order under sub-section (4) of section 22D has not been passed within the time or period specified under sub-section (4A) of section 22D, the Assessing Officer shall allow the credit for the tax and interest paid on or before the date of making the application or during the pendency of the case before the Settlement Commission.

92. Substitution of new section for section 22K.— For section 22K of the Wealth-tax Act, the following section shall be substituted with effect from the 1st day of June, 2007, namely:—

"22K. Bar on subsequent application for settlement.— (1) Where,—

(i) an order of settlement passed under sub-section (4) of section 22D provides for the imposition of a penalty on the person who made the application under section 22C for settlement, on the ground, of concealment of particulars of his net wealth; or

(ii) after the passing of an order of settlement under the said sub-section (4) in

relation to a case, such person is convicted of any offence under Chapter VIII in relation to that case; or

(iii) the case of any such person was sent back to the Assessing Officer by the Settlement Commission on or before the 1st day of June, 2002,

then, he shall not be entitled to apply for settlement under section 22C in relation to any other matter.

(2) Where a person has made an application under section 22C on or after the 1st day of June, 2007 and if such application has been allowed to be proceeded with under sub-section (1) of section 22D, such person shall not be subsequently entitled to make an application under section 22C."

93. *Insertion of new section 42D.*— After section 42C of the Wealth-tax Act, the following section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of October, 1975, namely:—

"42D. *Presumption as to assets, books of account, etc.*— Where any books of account or other documents, articles or things including money are found in the possession or control of any person in the course of a search under section 37A, it may, in any proceeding under this Act, be presumed that—

(i) such books of account or other documents, articles or things including money belong to such person;

(ii) the contents of such books of account or other documents are true; and

(iii) the signature and every other part of such books of account or other documents which purport to be in the handwriting of any particular person or which may reasonably be assumed to have been signed by, or to be in the handwriting of, any particular person, are in that person's handwriting, and in the case of a document stamped, executed or attested, that it was duly stamped and executed or attested by the person by whom it purports to have been so executed or attested."

CHAPTER IV

Indirect Taxes

Customs

94. *Amendment of section 2.*— In section 2 of the Customs Act, 1962 52 of 1962. (hereinafter referred to as the Customs Act), in clause (41), for the words, brackets and figures "sub-section (1) of section 14", the words, brackets and figures "sub-section (1) or sub-section (2) of section 14" shall be substituted with effect from such date as the Central Government may, by notification in the Official Gazette, appoint.

95. *Substitution of new section for section 14.*— For section 14 of the Customs Act, the following section shall be substituted with effect from such date as the Central Government may, by notification in the Official Gazette, appoint, namely:—

'14. *Valuation of goods.*— (1) For the purposes of the Customs Tariff Act, 1975, or any other law for the time 51 of 1975. being in force, the value of the imported goods and export goods shall be the transaction value of such goods, that is to say, the price actually paid or payable for the goods when sold for export to India for delivery at the time and place of importation, or as the case may be, for export from India for delivery at the time and place of exportation, where the buyer and seller of the goods are not related and price is the sole consideration for the sale subject to such other conditions as may be specified in the rules made in this behalf:

Provided that such transaction value in the case of imported goods shall include, in addition to the price as aforesaid, any amount paid or payable for costs and services, including commissions and brokerage, engineering, design work, royalties and licence fees, costs of transportation to the place of importation, insurance, loading unloading and handling charges to the extent and in the manner specified in the rules made in this behalf:

Provided further that the rules made in this behalf may provide for,—

(i) the circumstances in which the buyer and the seller shall be deemed to be related;

(ii) the manner of determination of value in respect of goods when there is no sale, or the buyer and the seller are related, or price is not the sole consideration for the sale or in any other case;

(iii) the manner of acceptance or rejection of value declared by the importer or exporter, as the case may be, where the proper officer has reason to doubt the truth or accuracy of such value, and determination of value for the purposes of this section:

Provided also that such price shall be calculated with reference to the rate of exchange as in force on the date on which a bill of entry is presented under section 46, or a shipping bill of export, as the case may be, is presented under section 50.

(2) Notwithstanding anything contained in sub-section (1), if the Board is satisfied that it is necessary or expedient so to do, it may, by notification in the Official Gazette, fix tariff values for any class of imported goods or export goods, having regard to the trend of value of such or like goods, and where any such tariff values are fixed, the duty shall be chargeable with reference to such tariff value.

Explanation.— For the purposes of this section—

(a) "rate of exchange" means the rate of exchange—

(i) determined by the Board, or

(ii) ascertained in such manner as the Board may direct,

for the conversion of Indian currency into foreign currency or foreign currency into Indian currency;

(b) "foreign currency" and "Indian currency" have the meanings respectively assigned to them in clause (m) and clause (g) of section 2 of the Foreign Exchange Management Act, 1999. 42 of 1999.

96. *Amendment of section 27.*— In section 27 of the Customs Act, in sub-section (1), in clause (b), after the third proviso, the following proviso shall be inserted, namely:—

"Provided also that where the duty becomes refundable as a consequence of judgment, decree, order or direction of the appellate authority, Appellate Tribunal or any court, the limitation of one year or six months, as the case may be, shall be computed from the date of such judgment, decree, order or direction."

97. *Amendment of section 28E.*— In section 28E of the Customs Act, in clause (c), the following *Explanation* shall be inserted at the end, namely:—

'Explanation.— For the purposes of this clause, "joint venture in India" means a contractual arrangement whereby two or more persons undertake an economic activity which is subject to joint control and one or more of the participants or partners or equity holders is a non-resident having substantial interest in such arrangement;".

98. *Amendment of section 75A.*— In section 75A of the Customs Act, for sub-section (2), the following sub-section shall be substituted, namely:—

"(2) Where any drawback has been paid to the claimant erroneously or it becomes otherwise recoverable under this Act or the rules made thereunder, the claimant shall, within a period of two months from the date of demand, pay in addition to the said amount of drawback, interest at the rate fixed under section 28AB and the amount of interest shall be calculated for the period beginning from the date of payment of such drawback to the claimant till the date of recovery of such drawback."

99. *Omission of Chapter XA.*— Chapter XA of the Customs Act shall be omitted.

100. *Amendment of section 127A.*— In section 127A of the Customs Act, with effect from the 1st day of June, 2007, for clause (b), the following clause shall be substituted, namely:—

"(b) "case" means any proceeding under this Act or any other Act for the levy, assessment and collection of customs duty, pending before an adjudicating authority on the date on which an application under sub-section (1) of section 127B is made:

Provided that when any proceeding is referred back in any appeal or revision, as the case may be, by any court, Appellate Tribunal or any other authority, to the adjudicating authority for a fresh

adjudication or decision, as the case may be, then such proceeding shall not be deemed to be a proceeding pending within the meaning of this clause;".

101. *Amendment of section 127B.*— In section 127B of the Customs Act, with effect from the 1st day of June, 2007, for sub-section (1), the following sub-sections shall be substituted, namely:—

"(1) Any importer, exporter or any other person (hereinafter referred to as the applicant in this Chapter) may, in respect of a case, relating to him make an application, before adjudication to the Settlement Commission to have the case settled, in such form and in such manner as may be specified by rules, and containing a full and true disclosure of his duty liability which has not been disclosed before the proper officer, the manner in which such liability has been incurred, the additional amount of customs duty accepted to be payable by him and such other particulars as may be specified by rules including the particulars of such dutiable goods in respect of which he admits short levy on account of misclassification, undervaluation or inapplicability of exemption notification but excluding the goods not included in the entry made under this Act and such application shall be disposed of in the manner hereinafter provided:

Provided that no such application shall be made unless,—

(a) the applicant has filed a bill of entry, or a shipping bill, in respect of import or export of such goods, as the case may be, and in relation to such bill of entry or shipping bill, a show cause notice has been issued to him by the proper officer;

(b) the additional amount of duty accepted by the applicant in his application exceeds three lakh rupees; and

(c) the applicant has paid the additional amount of customs duty accepted by him along with interest due under section 28AB:

Provided further that no application shall be entertained by the Settlement Commission under this sub-section in cases which are pending in the Appellate Tribunal or any court:

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Provided also that no application under this sub-section shall be made in relation to goods to which section 123 applies or to goods in relation to which any offence under the Narcotic Drugs and Psychotropic Substances Act, 1985 has been committed:

Provided also that no application under this sub-section shall be made for the interpretation of the classification of the goods under the Customs Tariff Act, 1975. 51 of 1975.

(1A) Notwithstanding anything contained in sub-section (1), where an application was made under sub-section (1) before the 1st day of June, 2007 but an order under sub-section (1) of section 127C has not been made before the said date, the applicant shall within a period of thirty days from the 1st day of June, 2007 pay the accepted duty liability failing which his application shall be liable to be rejected."

102. *Substitution of new section for section 127C.*— For section 127C of the Customs Act, with effect from the 1st day of June, 2007, the following section shall be substituted, namely:—

"127C. *Procedure on receipt of an application under section 127B.*— (1) On receipt of an application under section 127B, the Settlement Commission shall, within seven days from the date of receipt of the application, issue a notice to the applicant to explain in writing as to why the application made by him should be allowed to be proceeded with and after taking into consideration the explanation provided by the applicant, the Settlement Commission, shall, within a period of fourteen days from the date of the notice, by an order, allow the application to be proceeded with or reject the application, as the case may be, and the proceedings before the Settlement Commission shall abate on the date of rejection:

Provided that where no notice has been issued or no order has been passed within the aforesaid period by the Settlement Commission, the application shall be deemed to have been allowed to be proceeded with.

(2) A copy of every order under sub-section (1) shall be sent to the applicant and to the Commissioner of Customs having jurisdiction.

(3) Where an application is allowed or deemed to have been allowed to be proceeded with under

sub-section (1), the Settlement Commission shall, within seven days from the date of order under sub-section (1), call for a report along with the relevant records from the Commissioner of Customs having jurisdiction and the Commissioner shall furnish the report within a period of thirty days of the receipt of communication from the Settlement Commission:

Provided that where the Commissioner does not furnish the report within the aforesaid period of thirty days, the Settlement Commission shall proceed further in the matter without the report of the Commissioner.

(4) Where a report of the Commissioner called for under sub-section (3) has been furnished within the period specified in that sub-section, the Settlement Commission may, after examination of such report, if it is of the opinion that any further enquiry or investigation in the matter is necessary, direct, for reasons to be recorded in writing, the Commissioner (Investigation) within fifteen days of the receipt of the report, to make or cause to be made such further enquiry or investigation and furnish a report within a period of ninety days of the receipt of the communication from the Settlement Commission, on the matters covered by the application and any other matter relating to the case:

Provided that where the Commissioner (Investigation) does not furnish the report within the aforesaid period, the Settlement Commission shall proceed to pass an order under sub-section (5) without such report.

(5) After examination of the records and the report of the Commissioner of Customs received under sub-section (3), and the report, if any, of the Commissioner (Investigation) of the Settlement Commission under sub-section (4), and after giving an opportunity to the applicant and to the Commissioner of Customs having jurisdiction to be heard, either in person or through a representative duly authorised in this behalf, and after examining such further evidence as may be placed before it or obtained by it, the Settlement Commission may, in accordance with the provisions of this Act, pass such order as it thinks fit on the matters covered by the application and any other matter relating to the case not covered by the application, but referred to in the report of the Commissioner of Customs and Commissioner (Investigation) under sub-section (3) or sub-section (4).

(6) An order under sub-section (5) shall not be passed in respect of an application filed on or before the 31st day of May, 2007, later than the 29th February, 2008 and in respect of an application made on or after the 1st day of June, 2007, after nine months from the last day of the month in which the application was made, failing which the Settlement proceedings shall abate, and the adjudicating authority before whom the proceeding at the time of making the application was pending, shall dispose of the case in accordance with the provisions of this Act as if no application under section 127B had been made.

(7) Subject to the provisions of section 32A of the Central Excise Act, 1944, the materials brought on record before the Settlement Commission shall be considered by the members of the concerned Bench before passing any order under sub-section (5) and, in relation to the passing of such order, the provisions of section 32D of the Central Excise Act, 1944 shall apply.

(8) The order passed under sub-section (5) shall provide for the terms of settlement including any demand by way of duty, penalty or interest, the manner in which any sums due under the settlement shall be paid and all other matters to make the settlement effective and in case of rejection contain the reasons therefor and it shall also provide that the settlement shall be void if it is subsequently found by the Settlement Commission that it has been obtained by fraud or misrepresentation of facts:

Provided that the amount of settlement ordered by the Settlement Commission, shall not be less than the duty liability admitted by the applicant under section 127B.

(9) Where any duty, interest, fine and penalty payable in pursuance of an order under sub-section (5) is not paid by the applicant within thirty days of receipt of a copy of the order by him, the amount which remains unpaid, shall be recovered along with interest due thereon, as the sums due to the Central Government by the proper officer having jurisdiction over the applicant in accordance with the provisions of section 142.

(10) Where a settlement becomes void as provided under sub-section (8), the proceedings with respect to the matters covered by the settlement shall be deemed to have been revived

from the stage at which the application was allowed to be proceeded with by the Settlement Commission and the proper officer having jurisdiction may, notwithstanding anything contained in any other provision of this Act, complete such proceedings at any time before the expiry of two years from the date of the receipt of communication that the settlement became void."

103. *Amendment of section 127E.*— In section 127E of the Customs Act, after the proviso, the following proviso shall be inserted with effect from the 1st day of June, 2007, namely:—

"Provided further that no proceeding shall be reopened by the Settlement Commission under this section in a case where an application under section 127B is made on or after the 1st day of June, 2007."

104. *Amendment of section 127F.*— In section 127F of the Customs Act, in sub-section (2), for the brackets and figures "(7)" and "(6)", the brackets and figures "(5)" and "(4)" shall respectively be substituted with effect from the 1st day of June, 2007.

105. *Amendment of section 127H.*— In section 127H of Customs Act, with effect from the 1st day of June, 2007,—

(i) in sub-section (1),—

(a) for the words "or under the Indian Penal Code or under any other 45 of 1860. Central Act for the time being in force and also either wholly or in part from the imposition of any penalty, fine and interest", the words "and also either wholly or in part from the imposition of any penalty and fine" shall be substituted;

(b) after the proviso, the following *Explanation* shall be inserted, namely:—

"*Explanation.*— For the removal of doubts, it is hereby declared that the application filed before the Settlement Commission on or before the 31st day of May, 2007 shall be disposed of as if the amendment in this section had not come into force.";

(ii) in sub-section (2), for the words, brackets, figures and letter "sub-section (7) of section 127C within the time specified in such order or

within such further time as may be allowed by the Settlement Commission", the words, brackets, figures and letter "sub-section (5) of section 127C within the time specified in such order" shall be substituted.

106. *Amendment of section 127J.*— In section 127J of the Customs Act, for the brackets and figure "(7)", the brackets and figure "(5)" shall be substituted with effect from the 1st day of June, 2007.

107. *Amendment of section 127K.*— In section 127K of Customs Act, for the brackets and figure "(7)" the brackets and figure "(5)" shall be substituted with effect from the 1st day of June, 2007.

108. *Amendment of section 127L.*— Section 127L of the Customs Act shall be renumbered as sub-section (1) thereof and,—

(i) in sub-section (1) as so renumbered, for the word "Where", the words, figures and letters "Where, before the 1st day of June, 2007" shall be substituted;

(ii) after sub-section (1) as so renumbered, the following sub-section shall be inserted with effect from the 1st day of June, 2007, namely:—

"(2) Where an applicant has made an application under sub-section (1) of section 127B, on or after the 1st day of June, 2007 and if such application has been allowed to be proceeded with under sub-section (1) of section 127C, such applicant shall not be entitled to apply for settlement under section 127B in relation to any other matter:

Provided that such applicant shall not be prevented from filing an application for settlement if the issue in the subsequent application is, but for the period of dispute and amount, identical to the issue in respect of which the earlier application is pending before the Settlement Commission."

109. *Omission of section 127MA.*— Section 127MA of the Customs Act shall be omitted with effect from the 1st day of June, 2007.

110. *Amendment of section 129.*— In section 129 of the Customs Act, after sub-section (5), the following sub-section shall be inserted, namely:—

"(6) On ceasing to hold office, the President, Vice-President or other Member shall not be entitled to appear, act or plead before the Appellate Tribunal."

111. *Amendment of section 129D.*— In section 129D of the Customs Act,—

(i) for sub-section (3), the following sub-section shall be substituted, namely:—

"(3) The Committee of Chief Commissioners of Customs or the Commissioner of Customs, as the case may be, shall make order under sub-section (1) or sub-section (2) within a period of three months from the date of communication of the decision or order of the adjudicating authority;"

(ii) in sub-section (4), for the words "three months", the words "one month" shall be substituted.

112. *Amendment of section 135.*— In section 135 of the Customs Act, for sub-section (1), the following sub-section shall be substituted, namely:—

"(1) Without prejudice to any action that may be taken under this Act, if any person—

(a) is in relation to any goods in any way knowingly concerned in misdeclaration of value or in any fraudulent evasion or attempt at evasion of any duty chargeable thereon or of any prohibition for the time being imposed under this Act or any other law for the time being in force with respect to such goods; or

(b) acquires possession of or is in any way concerned in carrying, removing, depositing, harbouring, keeping, concealing, selling or purchasing or in any other manner dealing with any goods which he knows or has reason to believe are liable to confiscation under section 111 or section 113, as the case may be; or

(c) attempts to export any goods which he knows or has reason to believe are liable to confiscation under section 113; or

(d) fraudulently avails of or attempts to avail of drawback or any exemption from duty provided under this Act in connection with export of goods,

he shall be punishable,—

(i) in the case of an offence relating to,—

(A) any goods the market price of which exceeds one crore of rupees; or

(B) the evasion or attempted evasion of duty exceeding thirty lakh of rupees; or

(C) such categories of prohibited goods as the Central Government may, by notification in the Official Gazette, specify; or

(d) fraudulently availing of or attempting to avail of drawback or any exemption from duty referred to in clause (d), if the amount of drawback or exemption from duty exceeds thirty lakh of rupees,

with imprisonment for a term which may extend to seven years and with fine:

Provided that in the absence of special and adequate reasons to the contrary to be recorded in the judgment of the court, such imprisonment shall not be for less than one year;

(ii) in any other case, with imprisonment for a term which may extend to three years, or with fine, or with both."

113. *Amendment of section 156.*— In section 156 of the Customs Act, in sub-section (2), for clause (a), the following clause shall be substituted with effect from such date as the Central Government may, by notification in the Official Gazette, appoint, namely:—

"(a) the manner of determining the transaction value of the imported goods and export goods under sub-section (1) of section 14;"

Customs tariff

114. *Amendment of First Schedule and Second Schedule.*— In the Customs Tariff Act, 1975 (hereinafter referred to as the 51 of 1975. Customs Tariff Act),—

(i) the First Schedule shall be amended in the manner specified in the Second Schedule;

(ii) the Second Schedule shall be amended in manner specified in the Third Schedule.

Excise

115. *Amendment of section 3.*— In section 3 of the Central Excise Act, 1944 1 of 1944.

(hereinafter referred to as the Central Excise Act), in sub-section (1),—

(i) in the proviso, clause (i) shall be omitted;

(ii) in Explanation 2,—

(a) clause (i) shall be omitted;

(b) for clause (iii), the following clause shall be substituted, namely:—

'(iii) "Special Economic Zone" has the meaning assigned to it in clause (za) of section 2 of the Special Economic Zones Act, 2005.'

28 of 2005.

116. *Insertion of new section 5B.*— After section 5A of the Central Excise Act, the following section shall be inserted, namely:—

"5B. *Non-reversal of CENVAT credit.*— Where an assessee has paid duty of excise on a final product and has been allowed credit of the duty or tax or cess paid on inputs, capital goods and input services used in making of the said product, but subsequently the process of making the said product and is held by the court as not chargeable to excise duty, the Central Government may, by notification, order for non-reversal of such credit allowed to the assessee subject to such conditions as may be specified in the said notification:

Provided that the order for non-reversal of credit shall not apply where an assessee has preferred a claim for refund of excise duty paid by him:

Provided further that the Central Government may also specify in the notification referred to above for non-reversal of credit, if any, taken by the buyer of the said product."

117. *Amendment of section 11B.*— In section 11B of the Central Excise Act, in the Explanation, in clause (B), after sub-clause (eb), the following sub-clause shall be inserted, namely:—

"(ec) in case where the duty becomes refundable as a consequence of judgment, decree, order or direction of appellate authority, Appellate Tribunal or any court, the date of such judgment, decree, order or direction;"

118. *Amendment of section 23A.*— In section 23A of the Central Excise Act, in clause (c), the

following Explanation shall be inserted at the end, namely:—

'Explanation.— For the purposes of this clause, "joint venture in India" means a contractual arrangement whereby two or more persons undertake an economic activity which is subject to joint control and one or more of the participants or partners or equity holders is a non-resident having substantial interest in such arrangement;'.

119. *Amendment of section 31.*— In section 31 of the Central Excise Act, with effect from the 1st day of June, 2007, for clause (c), the following clause shall be substituted, namely:—

'(c) "case" means any proceeding under this Act or any other Act for the levy, assessment and collection of excise duty, pending before an adjudicating authority on the date on which an application under sub-section (1) of section 32E is made:

Provided that when any proceeding is referred back in any appeal or revision, as the case may be, by any court, Appellate Tribunal or any other authority, to the adjudicating authority for a fresh adjudication or decision, as the may be, then such proceeding shall not be deemed to a proceeding pending within the meaning of this clause;'.

120. *Amendment of section 32A.*— In section 32A of the Central Excise Act, after the proviso to sub-section (6), the following proviso shall be inserted, namely:—

"Provided further that at any stage of the hearing of any such case or matter, referred to in the first proviso, the Chairman may, if he thinks that the case or matter is of such a nature that it ought to be heard by Bench consisting of three Members, constitute such Bench and if Vice-Chairman is not one of the Members, the senior among the Members shall act as the presiding officer of such Bench."

121. *Amendment of section 32E.*— In section 32E of the Central Excise Act, with effect from the 1st day of June, 2007, for sub-section (1), the following sub-sections shall be substituted, namely:—

"(1) An assessee may, in respect of a case relating to him, make an application, before adjudication, to the Settlement Commission to have the case settled, in such form and in such

manner as may be prescribed and containing a full and true disclosure of his duty liability which has not been disclosed before the Central Excise Officer having jurisdiction, the manner in which such liability has been derived, the additional amount of excise duty accepted to be payable by him and such other particulars as may be prescribed including the particulars of such excisable goods in respect of which he admits short levy on account of misclassification, under-valuation, inapplicability of exemption notification or CENVAT credit but excluding the goods in respect of which no proper record has been maintained by the assessee in his daily stock register and any such application shall be disposed of in the manner hereinafter provided:

Provided that no such application shall be made unless,—

(a) the applicant has filed returns showing production, clearance and central excise duty paid in the prescribed manner;

(b) a show cause notice for recovery of duty issued by the Central Excise Officer has been received by the applicant;

(c) the additional amount of duty accepted by the applicant in his application exceeds three lakh rupees; and

(d) the applicant has paid the additional amount of excise duty accepted by him along with interest due under section 11AB:

Provided further that no application shall be entertained by the Settlement Commission under this sub-section in cases which are pending with the Appellate Tribunal or any court:

Provided also that no application under this sub-section shall be made for the interpretation of this classification of excisable goods under the Central Excise Tariff Act, 1985.

5 of 1986.

(1A) Notwithstanding anything contained in sub-section (1), where an application was made under sub-section (1), before the 1st day of June, 2007 but an order under sub-section (1) of section 32F has not been made before the said date or payment of amount so ordered by the Settlement Commission under sub-section (1) of section 32F has not been made, the applicant shall within a period of thirty days from the 1st

day of June, 2007, pay the accepted duty liability failing which his application shall be liable to be rejected."

122. *Substitution of new section for section 32F.*— For section 32F of the Central Excise Act, with effect from the 1st day of June, 2007, the following section shall be substituted, namely:—

"32F. *Procedure on receipt of an application under section 32E.*— (1) On receipt of an application under sub-section (1) of section 32E, the Settlement Commission shall, within seven days from the date of receipt of the application, issue a notice to the applicant to explain in writing as to why the application made by him should be allowed to be proceeded with, and after taking into consideration the explanation provided by the applicant, the Settlement Commission, shall, within a period of fourteen days from the date of the notice, by an order, allow the application to be proceeded with, or reject the application as the case may be, and the proceedings before the Settlement Commission shall abate on the date of rejection:

Provided that where no notice has been issued or no order has been passed within the aforesaid period by the Settlement Commission, the application shall be deemed to have allowed to be proceeded with.

(2) A copy of every order under sub-section (1), shall be sent to the applicant and to the Commissioner of Central Excise having jurisdiction.

(3) Where an application is allowed or deemed to have been allowed to be proceeded with under sub-section (1), the Settlement Commission shall, within seven days from the date of order under sub-section (1), call for a report along with the relevant records from the Commissioner of Central Excise having jurisdiction and the Commissioner shall furnish the report within a period of thirty days of the receipt of communication from the Settlement Commission:

Provided that where the Commissioner does not furnish the report within the aforesaid period of thirty days, the Settlement Commission shall proceed further in the matter without the report of the Commissioner.

(4) Where a report of the Commissioner called for under sub-section (3) has been furnished within

the period specified in that sub-section, the Settlement Commission may, after examination of such report, if it is of the opinion that any further enquiry or investigation in the matter is necessary, direct, for reasons to be recorded in writing, the Commissioner (Investigation) within fifteen days of the receipt of the report, to make or cause to be made such further enquiry or investigation and furnish a report within a period of ninety days of the receipt of the communication from the Settlement Commission, on the matters covered by the application and any other matter relating to the case:

Provided that where the Commissioner (Investigation) does not furnish the report within the aforesaid period, the Settlement Commission shall proceed to pass an order under sub-section (5) without such report.

(5) After examination of the records and the report of the Commissioner of Central Excise received under sub-section (3), and the report, if any, of the Commissioner (Investigation) of the Settlement Commission under sub-section (4), and after giving an opportunity to the applicant and to the Commissioner of Central Excise having jurisdiction to be heard, either in person or through a representative duly authorised in this behalf, and after examining such further evidence as may be placed before it or obtained by it, the Settlement Commission may, in accordance with the provisions of this Act, pass such order as it thinks fit on the matters covered by the application and any other matter relating to the case not covered by the application, but referred to in the report of the Commissioner of Central Excise and Commissioner (Investigation) under sub-section (3) or sub-section (4).

(6) An order under sub-section (5) shall not be passed in respect of an application filed on or before the 31st day of May, 2007, later than the 29th day of February, 2008 and in respect of an application made on or after the 1st day of June, 2007, after nine months from the last day of the month in which the application was made, falling within the settlement proceedings shall abate, and the adjudicating authority before whom the proceeding at the time of making the application was pending, shall dispose of the case in accordance with the provisions of this Act as if no application under section 32E had been made.

(7) Subject to the provisions of section 32A, the materials brought on record before the Settlement

Commission shall be considered by the Members of the concerned Bench before passing any order under sub-section (5) and, in relation to the passing of such order, the provisions of section 32D shall apply.

(8) The order passed under sub-section (5) shall provide for the terms of settlement including any demand by way of duty, penalty or interest, the manner in which any sums due under the settlement shall be paid and all other matters to make the settlement effective and in case of rejection contain the reasons therefor and it shall also provide that the settlement shall be void if it is subsequently found by the Settlement Commission that it has been obtained by fraud or misrepresentation of facts:

Provided that the amount of settlement ordered by the Settlement Commission shall not be less than the duty liability admitted by the applicant under section 32E.

(9) Where any duty, interest, fine and penalty payable in pursuance of an order under sub-section (5) is not paid by the assessee within thirty days of receipt of a copy of the order by him, the amount which remains unpaid, shall be recovered along with interest due thereon, as the sums due to the Central Government by the Central Excise Officer having jurisdiction over the assessee in accordance with the provisions of section 11.

(10) Where a settlement becomes void as provided under sub-section (8), the proceedings with respect to the matters covered by the settlement shall be deemed to have been revived from the stage at which the application was allowed to be proceeded with by Settlement Commission and the Central Excise Officer having jurisdiction may, notwithstanding anything contained in any other provision of this Act, complete such proceedings at any time before the expiry of two years from the date of the receipt of communication that the settlement became void."

123. *Amendment of section 32H.*— In section 32H of the Central Excise Act, after the proviso, the following proviso shall be inserted with effect from the 1st day of June, 2007, namely:—

"Provided further that no proceeding shall be reopened by the Settlement Commission under this section in a case where an application under section 32E is made on or after the 1st day of June, 2007."

124. *Amendment of section 32-1.*— In section 32-1 of the Central Excise Act, in sub-section (2), for the brackets and figures "(7)" and "(6)", the brackets and figures "(5)" and "(4)" shall respectively be substituted with effect from the 1st day of June, 2007.

125. *Amendment of section 32K.*— In section 32K of the Central Excise Act, with effect from the 1st day of June, 2007,—

(i) in sub-section (1),—

(a) for the words "or under the Indian Penal Code or under any other 45 of 1860. Central Act for the time being in force and also either wholly or in part from the imposition of any penalty, fine and interest", the words, "and also either wholly or in part from the imposition of any penalty and fine" shall be substituted;

(b) after the proviso, the following *Explanation* shall be inserted, namely:—

"*Explanation.*— For the removal of doubts, it is hereby declared that application filed before the Settlement Commission on or before the 31st day of May, 2007 shall be disposed of as if the amendment in this section had not come into force.";

(ii) in sub-section (2), for the words, brackets, figures and letter "sub-section (7) of section 32F within the time specified in such order or within such further time as may be allowed by the Settlement Commission", the words, brackets, figures and letter "sub-section (5) of section 32F within the time specified in such order" shall be substituted.

126. *Amendment of section 32M.*— In section 32M of the Central Excise Act, for the brackets and figure "(7)", the brackets and figure "(5)" shall be substituted with effect from the 1st day of June, 2007.

127. *Amendment of section 32N.*— In section 32N of the Central Excise Act, for the brackets and figure "(7)", the brackets and figure "(5)" shall be substituted with effect from the 1st day of June, 2007.

128. *Amendment of section 32-O.*— Section 32-O of the Central Excise Act shall be renumbered as sub-section (1) thereof and,—

(i) in sub-section (1) as so renumbered, for the word "Where", the words, figures and letters "Where, before the 1st day of June, 2007" shall be substituted;

(ii) after sub-section (1) as so renumbered, the following sub-section shall be inserted with effect from the 1st day of June, 2007, namely:—

"(2) Where an assessee has made an application under sub-section (1) of section 32E, on or after the 1st day of June, 2007 and if such application has been allowed to be proceeded with under sub-section (1) of section 32F, such assessee shall not be entitled to apply for settlement under section 32E in relation to any other matter:

Provided that such assessee shall not be prevented from filing an application for settlement if the issue in the subsequent application is, but for the period of dispute and amount, identical to the issue in respect of which the earlier application is pending before the Settlement Commission."

129. *Omission of section 32PA.*— Section 32PA of the Central Excise Act shall be omitted with effect from the 1st day of June, 2007.

130. *Amendment of section 35E.*— In section 35E of the Central Excise Act,—

(i) for sub-section (3), the following sub-section shall be substituted, namely:—

"(3) The Committee of Chief Commissioners of Central Excise or the Commissioner of Central Excise, as the case may be, shall make order under sub-section (1) or sub-section (2) within a period of three months from the date of communication of the decision or order of the adjudicating authority.";

(ii) in sub-section (4), for the words "three months", the words "one month" shall be substituted.

131. *Amendment of section 35F.*— In section 35F of the Central Excise Act, after the second proviso, the following *Explanation* shall be inserted, namely:—

'Explanation.— For the purposes of this section "duty demanded" shall include,—

- (i) amount determined under section 11D;
- (ii) amount of erroneous CENVAT credit taken;
- (iii) amount payable under rule 57CC of Central Excise Rules, 1944;
- (iv) amount payable under rule 6 of CENVAT Credit Rules, 2001 or CENVAT Credit Rules, 2002 or CENVAT Credit Rules, 2004;
- (v) interest payable under the provisions of this Act or the rules made thereunder.'

132. *Amendment of section 37.*— In section 37 of the Central Excise Act,—

- (i) in sub-section (4), for the words "ten thousand rupees", the words "two thousand rupees" shall be substituted;
- (ii) in sub-section (5), for the words "ten thousand rupees", the words "two thousand rupees" shall be substituted.

133. *Amendment of Third Schedule.*— In the Central Excise Act,—

- (i) the Third Schedule shall be amended in the manner specified in Part I of the Fourth Schedule; and
- (ii) the Third Schedule except as amended in clause (i) shall also be amended with effect from such date as the Central Government may, by notification in the Official Gazette, appoint, in the manner specified in Part II of the Fourth Schedule.

Excise tariff

134. *Amendment of First Schedule to Act 5 of 1986.*— In the Central Excise Tariff Act, 1985, the First Schedule shall be amended in the manner specified in the Fifth Schedule.

CHAPTER V

Service Tax

135. *Amendment of Act 32 of 1994.*— In the Finance Act, 1994,—

- (A) in section 65, with effect from such date as the Central Government may, by notification in the Official Gazette, appoint,—

(1) in clause (12),—

(a) in sub-clause (a),—

(i) for the words "or any other person", the words "or commercial concern" shall be substituted;

(ii) in item (i), the following *Explanation* shall be inserted at the end, namely:—

'*Explanation.*— For the purposes of this item, "financial leasing" means a lease transaction where—

(i) contract for lease is entered into between two parties for leasing of a specific asset;

(ii) such contract is for use and occupation of the asset by the lessee;

(iii) the lease payment is calculated so as to cover the full cost of the asset together with the interest charges; and

(iv) the lessee is entitled to own, or has the option to own, the asset at the end of the lease period after making the lease payment;'

(iii) in item (v), for the words "custodial, depository and trust services, but does not include cash management", the words "custodial, depository and trust services" shall be substituted;

(2) for clause (20), the following clause shall be substituted, namely:—

'(20) "cab" means—

(i) a motorcab, or

(ii) a maxicab, or

(iii) any motor vehicle constructed or adapted to carry more than twelve passengers, excluding the driver, for hire or reward:

Provided that the maxicab referred to in sub-clause (ii) or motor vehicle referred to in sub-clause (iii) which is rented for use by an educational body imparting skill or knowledge or lessons on any subject or field, other than a commercial training or coaching centre, shall not be included within the meaning of cab;'